



China-Pakistan Economic Corridor

Prelims: China-Pakistan Economic Corridor, OBOR, BRI, POK, String of Pearls, Panama Canal, Indo-Pacific region.

Mains: China-Pakistan Economic Corridor and its implications on India.

Why in News?

Pakistan inaugurated a USD 2.7 billion nuclear reactor under [China-Pakistan Economic Corridor \(CPEC\)](#), providing some relief as the nation grapples with an energy crisis.

- This is a 1,100 megawatts capacity power plant, which will generate some of the nation's cheapest electricity.

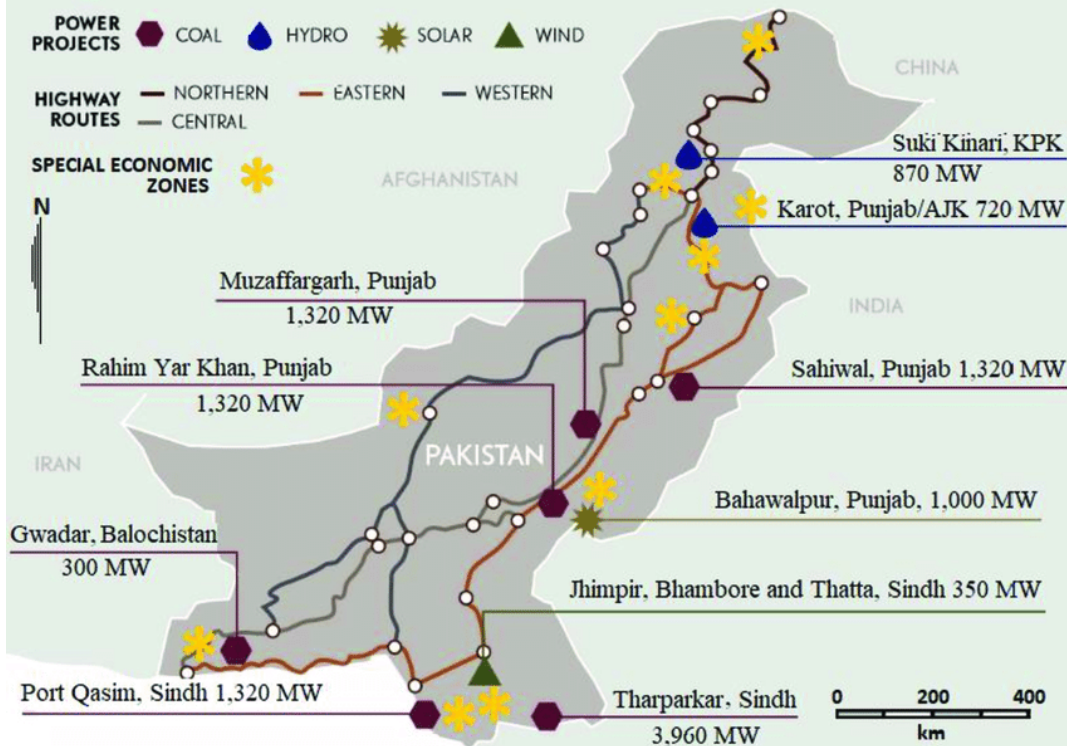
What is the Background

- Pakistan experienced **nationwide power outages recently due to a breakdown in its national grid.**
- The country has **struggled with blackouts for years and is facing surging energy costs, low foreign-exchange reserves,** and pressure on its government budget.
- Pakistan is in talks with the [International Monetary Fund](#) for a bailout in exchange for increased energy tariffs. The country's foreign-exchange reserves fell to the lowest in nine years, as high fossil fuel costs put pressure on the government's budget.

What is CPEC?

- CPEC is a **3,000-km long route of infrastructure projects connecting China's northwest Xinjiang Uygur** Autonomous Region and the Gwadar Port in the western province of Balochistan in Pakistan.
- It is a bilateral project **between Pakistan and China**, intended to promote connectivity across Pakistan with a network of highways, railways, and pipelines accompanied by energy, industrial, and other infrastructure development projects.
- It will pave the way for **China to access the Middle East and Africa from Gwadar Port**, enabling China to access the Indian Ocean and in return China will support development projects in Pakistan to overcome the latter's energy crises and stabilising its faltering economy.
- CPEC is a part of the [Belt and Road Initiative](#).
 - The BRI, launched in 2013, aims to link Southeast Asia, Central Asia, the Gulf region, Africa and Europe with a network of land and sea routes.

Major Projects of China-Pakistan Economic Corridor



What are the Challenges of CPEC for Pakistan and China?

▪ Pakistan:

- **Regional Imbalances:** CPEC is focused on certain areas and provinces in Pakistan, leading to concerns about **regional imbalances** in development and investment.
- **Debt Trap:** Pakistan's debt levels have become a concern **due to the large scale of projects financed by loans from China** and the ability to repay these loans. **China is now Pakistan's largest creditor**, with Pakistan owing 27.4% of its total external debt to China in 2021, according to the IMF.
- **Environmental Impacts:** The large-scale infrastructure projects that make up **CPEC could have negative environmental impacts**, including deforestation, loss of biodiversity, and air and water pollution.
- **Social Implications:** The development of the project has led to concerns about the displacement of local communities and the loss of their traditional livelihoods, as well as the **impact of increased migration and population pressures in the region**.
- **Sovereignty Concerns:** Some have raised concerns about China's increasing influence in Pakistan and the potential for the project to **compromise the country's sovereignty and independence**.

▪ China:

- **Security Concerns:** The security of Chinese workers and the stability of the region pose a major challenge for the success of CPEC.
- **Political Opposition:** There has been opposition from certain political parties and groups who are concerned about the perceived lack of transparency and the potential long-term implications of the project on Pakistan's sovereignty.

What are CPEC's Implications for India?

▪ India's Sovereignty:

- India has continuously opposed the project since it passes through the **Pakistan-occupied Kashmir territory of Gilgit-Baltistan** – a claim opposed by Pakistan.
- The corridor is also perceived to be **an alternative economic road link for the Kashmir Valley** lying on the Indian side of the border.

- If CPEC proves a success, will further consolidate the region's perception as internationally recognised Pakistani territory, **diminishing India's claim over the 73,000 sq km piece of land** which is home to more than 1.8 million people.
- **Chinese Control Over Trade Via Sea:**
 - Major US ports on the East Coast depend on the [Panama Canal](#) to trade with China.
 - Once CPEC becomes fully functional, China will be in a position to offer a **'shorter and more economical' trade route** to most North and Latin American enterprises, giving China the power to dictate the terms by which the international movement of goods will take place between the Atlantic and the Pacific oceans.
- **Chinese String of Pearls:**
 - With an existing presence in Chittagong port (Bangladesh), Hambantota port (Sri Lanka), Port Sudan (Sudan), Maldives, Somalia and Seychelles, **a control of Gwadar port establishes complete dominance of the Indian ocean by the Communist nation.**
- **Stronger BRI and Chinese Dominance in Trade Leadership:**
 - China's BRI project that focuses on the trade connectivity between China and the rest of Eurasia through a network of ports, roads and railways has been often seen as **China's plan to dominate the region politically.** CPEC is one giant step in the same direction.

Way Forward

- India should leverage its strategic location and further work with like-minded countries to participate in multilateral initiatives like,
 - The Asia-Africa Growth Corridor is an India-Japan economic cooperation agreement, it can provide India great strategic benefits and counter China.
 - [Blue Dot network](#), which is being promoted by the USA.
 - It is a multi-stakeholder initiative to bring together governments, the private sector and civil society to promote high-quality, trusted standards for global infrastructure development.
 - It is expected to serve as a globally recognized evaluation and certification system for roads, ports and bridges with a focus on the [Indo-Pacific region.](#)

UPSC Civil Services Examination Previous Year Question (PYQ)

Prelims

Q. Belt and Road Initiative' is sometimes mentioned in the news in the context of the affairs of (2016)

- (a) African Union
- (b) Brazil
- (c) European Union
- (d) China

Ans: (d)

Exp:

- Proposed in 2013, the 'Belt and Road Initiative (BRI)' is an ambitious programme of China for connecting Asia with Africa and Europe via land and maritime networks.
- The BRI comprises a Silk Road Economic Belt – **a trans-continental passage that links China with Southeast Asia, South Asia, Central Asia, Russia and Europe by land - and a 21st century Maritime Silk Road**, a sea route connecting China's coastal regions with Southeast and South Asia, South Pacific, Middle East and Eastern Africa, all the way to Europe. **Therefore, option (d) is the correct answer.**

Mains

Q1. The China-Pakistan Economic Corridor (CPEC) is viewed as a cardinal subset of China's larger 'One

Belt One Road' initiative. Give a brief description of CPEC and enumerate the reasons why India has distanced itself from the same. **(2018)**

Q2. China and Pakistan have entered into an agreement for the development of an economic corridor. What threat does this pose for India's security? Critically examine. **(2014)**

Q3. "China is using its economic relations and positive trade surplus as tools to develop potential military power status in Asia". In the light of this statement, discuss its impact on India as her neighbour. **(2017)**

Source: IE

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