



# The China-Pakistan Economic Corridor: An Examination of Competing Viewpoints and Potential Benefits for Pakistan, China, and India

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**Abstract** - China and Pakistan have historically had very close and dependable security and defence ties. Pakistan-China ties have recently shifted to an economic emphasis. This newfound partnership in the shape of CPEC is expected to offer enormous economic benefits for both the nations. Under CPEC China's has promised to investment more than \$60 billion till 2030. This arrangement carries the potential to dramatically shape Pakistan's economic outlook. CPEC, dubbed as a game changer in Pakistan, holds immense promise as it will serve to uplift Pakistan's wilting economy. Domestically, it focuses on upgrading of Pakistan's aging infrastructures, industry, and energy sectors; while externally, it underscores developing Pakistan's trade with Africa, Middle East, Central Asia, and Euro-Asia. Globally, most of the nations have welcomed this concept as it pledges regional connectivity and promising economic opportunities. Likewise, China conceived BRI to expand its own strategic interests, and further manifested this model into CPEC; probably considering Pakistan's geographical orientation along with its historical friendly relations with China. However, in South Asian region there is only one state i.e., India; that has vehemently opposed this concept since its inception in 2013, misperceiving it to be an intrusion on its national security interests and blatantly alleges that it passes through its territory. Essentially, India may benefit significantly from connectivity and regional integration by joining CPEC like Pakistan and China, nevertheless, it has consistently argued that its sovereignty would be violated as the CPEC passes through alleged Indian territory.

The study concludes that while India promotes all other regional connectivity projects, its opposition against CPEC is dictated by an inherent animosity against China and Pakistan. Therefore, convincing India to join CPEC will be a long-term service to the people of South Asia, securing their future through durable peace and economic development.

**Key Words:** BRI, China, Connectivity, Corridor, CPEC, India, Pakistan.

## I. INTRODUCTION

CPEC is an ambitious and high-profile strategic project. It was conceived by the Chinese president Xi Jinping on his visit to Pakistan. According to latest statistics, China will ultimately spend \$ 900 billion to initiate a "new era of globalization" mainly to benefits participating nations. (Anna Bruce-Lockhart 2017) The Global consultancy McKinsey reports that in the long run China is going to contribute "as much as \$8 trillion for infrastructure in 68 countries. That adds up to as much as 65% of the global population and a third of global GDP". (Sneider 2017) It is a well- prepared and well-conceived project and enjoys full support from both Pakistani and Chinese leaderships. The evidence also suggests that the Chinese leadership first approached the Pakistani leadership in the early 1990s to implement such a plan to connect China's western region with the Arabian Sea via a corridor running through Pakistan. (Shahid Javid Burke) The Gwadar port was established in the mid-2000s, and many of the Memorandums of Understanding were signed after 2010. Nonetheless, since its inauguration in 2015, it has been considered as a win-win situation for both countries, which already had strong geopolitical and military ties.

After completion of CPEC's first phase, a lot depends on how the regional states view it in future. Historically Chinese investments in Pakistan have steadily increased in the form of roads, dams and technology projects that promote Pakistan's economy. Now CPEC has introduced a whole new avenue of cooperation. The unprecedented long-term investment aims to strengthen the transport, energy, and industry sectors in Pakistan. The massive scale of Chinese investment has the potential to put Pakistan on the road to prosperity and development. Being the flagship project of Belt and Road Initiative (BRI), it is being considered as a harbinger of change and development for the entire region and the agent to revive Pakistan's fragile economy.

However, CPEC is not without obstacles and roadblocks; it has been vehemently opposed, primarily by India since its inception. India opposes it on a variety of grounds, the most important of which is that New Delhi

claims it passes across declared Indian territories. As a result, India has not only declined to join CPEC, but is also working hard to keep it from being a reality. Over the expectation of enormous benefits from entering CPEC, India remains adamantly opposed to it to accrue geopolitical dividends and maintain its hedging strategy in the global great power struggle. As a result, Pakistan and China must follow a serious strategy individually and jointly to thwart India's plan to sabotage CPEC. This study is about the Indian perspectives. The central focus of the investigation is to find answers to the following questions:

1. What advantages does CPEC offer to Pakistan, China, and India?
2. What is the Indian perspective on CPEC?
3. How does CPEC squeeze India's long term geo-political ambitions?
4. Will India ever join CPEC and what will be its impact on the regional security and economic situation?

Methodologically, it is a descriptive and analytical research. We use both qualitative and quantitative methods to enrich the contents gleaned from our primary and secondary sources: primary sources come from CPEC websites, government press releases and diplomatic sources. We also use Indian sources that are available primarily online in the form of debates in electronic media, think tank reports, articles and interviews that were recorded through various media. Secondary literature comes mainly from books, magazine articles, newspaper articles, media comments, reports and focus group discussions within the academic fraternity.

### **1.1 Significance of the Study with Respect to Time Sensitivity of CPEC**

"Since its inception, the China-Pakistan Economic Corridor (CPEC) has been under attack. Leading powers see it as a geostrategic initiative and continue to engage in criticism." (Ramay, 2020). Fall of 2020 is an opportune time for an academic research on CPEC mainly because it has just completed the first phase of connectivity and infrastructure. In the first phase, short terms or early harvesting projects on energy and power have been completed, whereas the second phase is all about industrialization along the route. The second phase of the CPEC offers a new set of opportunities to accumulate political, social, and economic benefits for participating countries. However, before any intervention, the government must have to develop a matrix of past experiences, mistakes, and learnings. (Ramay, Ilyas, & Baig, 2020). By 2030, when programs under the third and final phase of CPEC are planned to be finished, the populations residing in the CPEC region's already underdeveloped communities are projected to reap the economic benefits of industrial growth offered by the latest infrastructure. (Lim, 2016).

Due to the negative impact of COVID-19, global economies are facing an immense downturn. Therefore, swift implementation of CPEC's impending phases have assumed greater importance for local and regional economies especially in the short to midterm. When Robert Keohane and Joseph Nye developed the theory of Complex Interdependence, they defied the primary hypothesis of conventional and structural competition based on economic and military wrangling. (Keohane & Nye, 1987). As opposed to neo-realism, Complex Interdependence emphasized the role of competing actors in the pursuit of mutual benefit in comparison to the traditional security issues. (Rana, 2015). Since then, Complex Interdependence has gradually turned out to be an essential element of the neoliberal standpoint, although its application in the volatile environment of South Asia will be a test of geo-political dialectics in the true sense. Therefore, Pakistan and China will have to be extremely vigilant to thwart India's design aimed at disruption of the CPEC; or preferably induce India to join CPEC.

### **Expanse of the Belt and Road Initiative (BRI)**

Research on CPEC must start inevitably from BRI, which is a global initiative to develop infrastructure and investment in as many as 150 countries in almost all continents of the world. Once completed, BRI may be present in Asia, Europe, Africa, Middle East, and the Americas. The World Bank predicts that, "if the proposed BRI projects are completed, they have the potential to increase trade along the 6 economic corridors, and maritime roads by between 2.8% and 9.7%, increase income by up to 3.4% and help 7.6 million people lift themselves from extreme poverty." (Raiser & Ruta, 2019). According to the Government of China sources, the number of countries that have joined BRI by signing a Memorandum of Understanding (MoU) with China has grown to 138, as of March 2020. (Yidaiyilu News 2021)

Similarly, according to the Green Belt and Road Initiative Centre, the BRI countries are spread across all continents, as shown in figure 1: -

- 40 countries in Sub-Saharan Africa.
- 34 European and Central Asian countries (including 18 European Union countries).
- 25 nations in East Asia and the Pacific.
- 17 nations in the Middle East and North Africa
- Latin America and the Caribbean are represented by 18 nations.
- South East Asia is home to six nations.

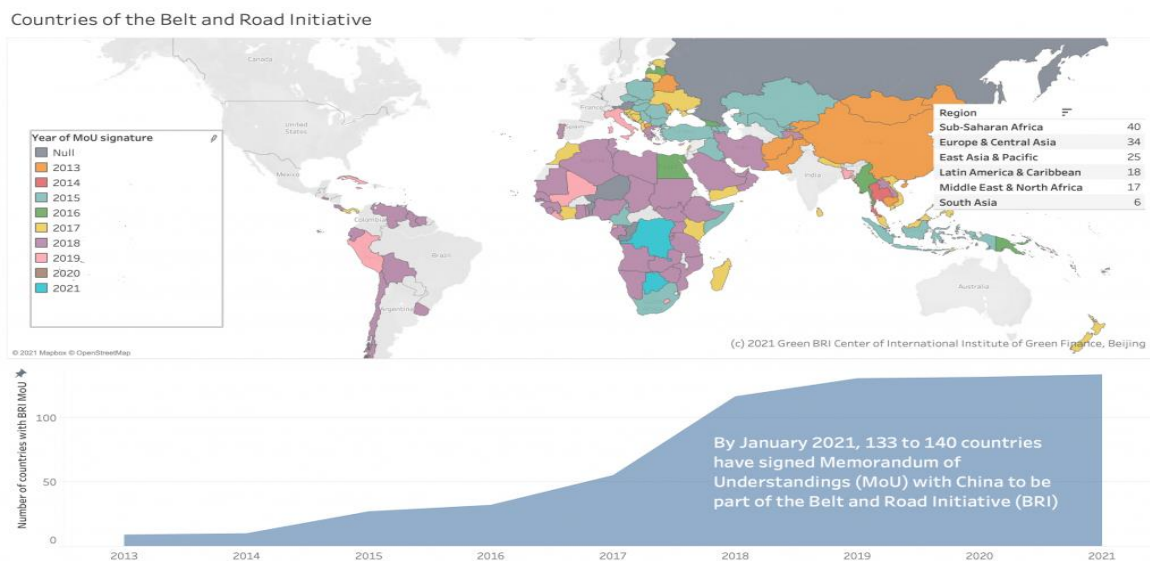


Figure 1: BRI Nations <https://green-bri.org/countries-of-the-belt-and-road-initiative-bri/>

Specifically, this amounts to 61.5% of the Caribbean, 66.7% of South America, 42.6% of Central America, 100% of the Middle East, 97% of Asia (excluding the Middle East), 57.1% of Oceania, 72.7% of Africa, 56.8% of Europe. These calculations are based on official BRI membership data (Development Reimagined, 2019); whereas the country lists are based on UN list of recognised countries. According to World Bank’s study “the Belt and Road transport corridors could substantially improve trade, foreign investment, and living conditions for citizens in participating countries; by adopting deeper policy reforms to increase transparency, expand trade, improve debt sustainability, and mitigate environmental risks etc.” (Raiser & Ruta, 2019).

Using its huge financial resources, China under President Xi Jinping’s strategy of economic diplomacy is asserting its new role in the emerging world order. With BRI, Beijing will relate to nearly 150 countries (figure 2); and will see an increase of \$ 2.5 trillion in its economy in the coming years. (Abbasi, 2016). Essentially, BRI aims to strengthen China’s global role as it transforms China from a regional power to a global power. Tim Summers argues that BRI is a major focus of the Chinese grand strategy for a global economy. (Summers, 2015). One of the belligerent perceptions is that the Chinese Government has initiated it to achieve a dominant role in global affairs. In any case, BRI’s completion is scheduled in the year 2049, when China marks its centenary.

## WORLD



Figure 2: Nations Along BRI Routes and Plan

Designed by Michael Chen

### 1.2 Inclusiveness and Layout of CPEC

CPEC figures out prominently being the first manifestation of China's BRI; which is not merely a single belt and/or road; as it consists of three passageways: "a north corridor originating from Beijing passing through Moscow all the way to Germany, the central corridor originating from Shanghai and ending in Iran, and finally the southern corridor which originates in the Xinjiang city of Kashgar and ends at Gwadar (See Figure 3) which has maritime routes stretching thousands of nautical miles and linking major states of the world." (Derudder, Liu, & Kunaka, 2018). CPEC has gained a lot of attention not only in Pakistan and neighbouring countries but around the world. There are many reasons to be optimistic about CPEC and the benefits it brings to Pakistan and the entire region. Both China and Pakistan have welcomed the participation of other regional and extra-regional countries.

Most of the neighbouring countries including Afghanistan, Iran and Central Asian Countries have expressed interest to join CPEC. (Butt, & Butt, 2015). On the other side, CPEC will reduce China's distance from the Middle East. Currently Chinese ships travel 45,000 km to take oil from the Middle East, once the CPEC becomes functional it will not only shorten China's distance to 12,000 km, but will also save energy, time and money for the Chinese (figure 4). It will also link under-developed Chinese areas in its western region to the Gwadar port in Pakistan through a network of roads and railways and possibly pipelines. (Huang, 2016). Also known as the New Silk Road Economic Development Corridor, it aims to revive the ancient silk route to link China with three of the major players of the world economy: Asia, Africa and Europe. With its successful implementation, China aims to bring home technology, foreign direct investment, and international assistance, and in tandem create new horizons for the Chinese enterprises to go abroad in search of new markets or investment opportunities. (Cai, 2018).

### 1.3 Constituents of CPEC

CPEC is a 3,000 km long corridor which passes through Pakistan along three different routes (called Western Alignment, Central Alignment, and Eastern Alignment); linking China's Xinjiang Province city Kashgar with Pakistan's Gwadar Port.

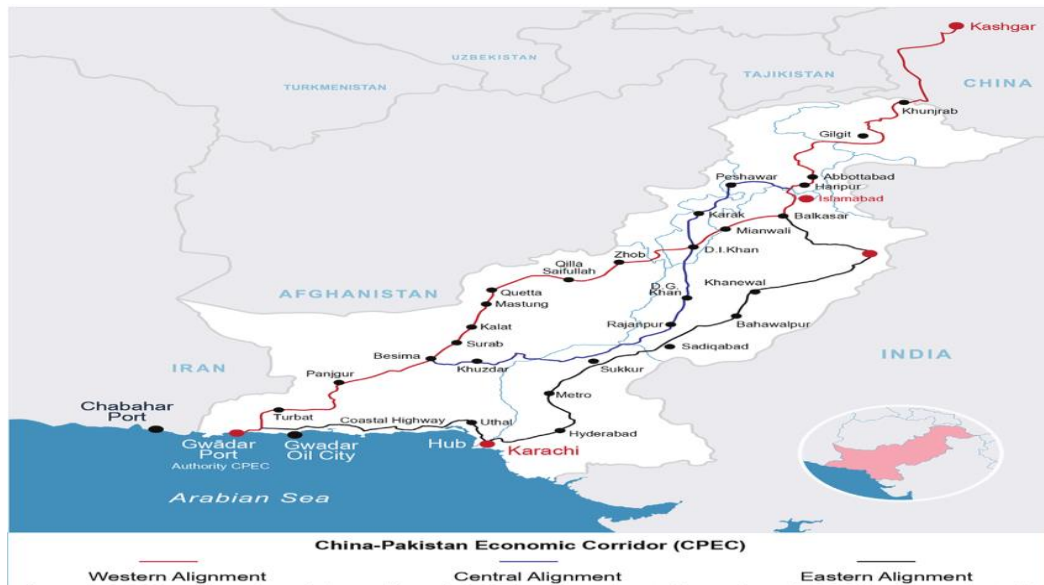


Figure 3: CPEC Routes

The Central Route connects Gwadar to Dera Ismail Khan via Basima, Khuzdar, Sukkur, Rajanpur, Layyah, Muzaffargarh, and Bhakkar. The Eastern Route of CPEC begins in Gwadar and travels through Basima, Khuzdar, Sukkur, Rahimyar Khan, Bahawalpur, Multan, and Lahore/Faisalabad before arriving in Islamabad. The Western Route begins in Gwadar and travels through Turbat, Panjgur, Nag, Basima, Sorab, Qalat, Quetta, Qilla Saifullah, and Zhob before arriving in Islamabad. (Ikram & Rashid, 2017; p 159). After the onset of CPEC, both Chinese and Pakistani Governments have put their maximum weight behind this project. On April 20, 2015, during his visit to Pakistan, the Chinese President Xi Jinping said, “this corridor will benefit all provinces and areas in Pakistan and has the potential of transforming it into a regional hub and pivot for commerce and investment. This corridor will become a symbol for peace and prosperity in the region.” (Haider & Haider, 2015).

#### 1.4 Context/Timings of CPEC

CPEC came at a time when various sectors of Pakistan’s statehood were struggling; the economy was almost stagnant, international sports event were not being held due to terrorism concerns, foreign direct investment (FDI) was weak and manufacturing industry was performing slowly. It is believed that CPEC has already started the process of reviving these sectors through its tangible as well as intangible benefits. In addition to the potential of bringing hard and soft cash, it has also boosted morale of the Pakistani nation. CPEC has given a sense of pride and security to the people of Pakistan i.e., it has given them confidence that they are an important part of international trade mechanism. One of the main thrust lines of Indian propaganda against Pakistan was diplomatic and economic isolation, but now CPEC has defused it to a larger extent. Gradually Pakistan has gained focus of world’s attention in terms of flow of FDI and emergence of new infrastructure. Purposively, CPEC is poised to lead to a win-win situation in the region where all stakeholders will benefit from regional connectivity. Mateen Haider articulated CPEC to be China’s Marshall Plan for Pakistan; drawing a corollary with the US foreign secretary George Marshall’s plan to rejuvenate and resuscitate the dissipated markets of Europe during the Cold War. (Haider, 2015).

#### Indian Perspective on CPEC

CPEC has certainly raised concerns in India. New Delhi believes its security interests are at stake. In fact, this is not the main reason why New Delhi opposes the CPEC; in reality, India sees the China-Pakistan alliance against its interests and does not want to offer its regional rivals the opportunity to forge an alliance. According to Forbes on January 8, 2017, CPEC is part of China’s vision to write the laws of the next age of globalization and keep its export and investment engines running for years to come. (Mourdoukoutas, 2017). Domestically, CPEC has provided a unique opportunity to Pakistan in gaining self-sufficiency in energy sector, setting up of new industry, enhancing manufacturing sector and connectivity related projects, which is likely to boost Pakistan’s economy. (Ali, Rasheed, Muhammad, & Yousaf, 2018). But this is precisely where the problem lies as India’s declared policy is to bring Pakistan to its knees through diplomatic isolation and by aggravating its economic crisis. (Bhatti, Waris, & Muhammad, 2019).

Although India may gain economic benefits by joining the CPEC, the political declarations of its leadership suggest that it has not accepted it and that they will probably continue to oppose it in the future mainly because its success could undermine India's hegemonic design to dominate South Asia after reaching the status of a major regional power.

Since independence, Pakistan-India relations have conflagrated to conventional wars three times in 1948, 1965 and 1971; and military stand-offs at several other occasions. (Ashraf, 2014, pp. 9-10). Both nations have fought these wars primarily over Jammu and Kashmir which is duly recognised as disputed territory under United Nations Security Council resolutions; whose status will be resolved after a plebiscite is held to determine the choice of Kashmiris. However, India has deployed "almost one million troops in [Indian Occupied] Jammu and Kashmir", to suppress the indigenous freedom struggle. Over time the "Indian Army has grown to be larger than China's, but a significant portion of Indian troops are dedicated to the western front, including all three of India's existing strike corps." (Rajagopalan, 2017, p. 5). A freedom movement have been in place since early days and more resiliently since 1990s. India has forcefully changed the constitutional status of the State of Jammu and Kashmir with effect from August 2019.

India's unaccepted official stance on CPEC suggests, *prima facie*, that India is opposing it because it passes from the disputed territory of Jammu and Kashmir; extrapolating that India cannot join a project which infringes upon its sovereignty. (Blah, 2018, p. 318). On the other hand, India has initiated overt and covert operations to destabilize Pakistan including ideological and physical sabotage of CPEC. India's main intelligence agency is active in destabilizing Pakistan. RAW agent Kulbhushan Jadhav has revealed these plans during the investigation. The beginning of 5GW against Pakistan is the work of Indian national security adviser Ajit Doval. Balochistan is a classic case of Indian terrorist acts. In addition, terrorist attacks on the Chinese Consulate in Karachi and elsewhere in Pakistan are part of the Indian 5GW against Pakistan to thwart the CPEC. Moreover, Indian actions of illegally annexing Jammu and Kashmir on 5 August 2019, in total disregard to United Nations Security Council resolutions as well as international humanitarian laws (Abbas, 2019), denying the basic right of self-determination to Kashmiris have grievously compromised its status as a disputed territory.

#### **CPEC benefits for Pakistan and Indian opposition**

CPEC aims to create a comprehensive network of roads, railways, industrial parks, and includes the promotion of local industries. "CPEC targets the less developed areas of Pakistan and China. In this way underdeveloped and deprived areas come into the road map of new era of holistic development." (Ullah, Bangash, & Ali, 2018). It has been received positively across the entire spectrum of Pakistani leaders, experts, and scholars; being considered as "an economic game changer for Pakistan's trade, regional road connectivity, and economy." (Malik, 2018). It is also believed to "increase the economic development... industrial production and employment opportunities...will eventually increase revenues...will change economic conditions of the country". In the same vein, South Asia expert Anatol Lieven maintains that if the CPEC project is successful, it "could restore Pakistan's economic growth of the early 1960s, which led economists at the time to predict that the country would be one of the future leading economic powers of Asia". (Lieven, 2015).

CPEC would also serve as a model for potential regional interaction and communication between sub-national regions including such Baluchistan, Khyber Pakhtunkhwa, the Federally Administered Tribal Areas, and Gilgit-Baltistan. (Wolf, 2020). The beneficial income results of CPEC are motivated by resource reallocation caused by lower trade costs. Resources are reallocated to maximize production, raise exports, and lift wages as cheaper or better-quality inputs are imported. Surprisingly, Pakistan is predicted to see the greatest increase in real wages - 10.5 percent more than the baseline. The latest BRI ventures are intended to mostly increase these countries' access to their export markets, with East Asian economies expected to benefit significantly: Kyrgyzstan - 10.4 percent, Thailand - 8.2 percent, Malaysia - 7.7 percent, Cambodia - 5.0 percent, and Lao PDR - 3.1 percent. Bangladesh - 6 - is another country that has seen significant increases in real wages, Turkey - 3.6%, Iran - 3.0%, and Tanzania - 2.5%. (World Bank, 2019).

On April 20, 2015, during his visit to Pakistan, the Chinese President Xi Jinping said, "The building of the Pakistan China Economic Corridor has an important bearing on national strategies and livelihoods of the two countries. The layout and construction of the corridor should consider the interest of various regions of Pakistan so that the building of the corridor will benefit people." (Haider & Haider, 2015). CPEC will not only allow road and rail freight to shuttle between Gwadar and Kashgar, but it will also effectively improve Pakistan's political, economic, and social standings. Politically, it joins up the regions of Pakistan and links

220 million people through a wide network of roads, railways, and pipeline. If implemented watchfully and wholly, it will improve relations among four provinces, and between the provinces and the federal government.

Yet again CPEC is being described as a “trans-regional project, which would benefit three billion people of the region through enhanced regional connectivity and play an instrumental role in integrating the whole region.” (The Dawn, 20 March 2016). Economically, it creates millions of jobs, revitalises a sluggish economy and brings huge investment when other countries have been shy of investing in Pakistan. A major part of the investment will be for energy and power sectors; whereas communication and infrastructure are the second most preferred sectors earmarked for development under CPEC. Therefore, CPEC “has the potential to help Pakistan in resolving important issues related to its economy, social well-being and geopolitical importance.” (Makhdoom, Shah, & Sami, 2018).

Furthermore, there are special economic zones (SEZs) and two dozen industrial parks planned in major cities like Lahore, Islamabad, and Gwadar. There are eight economic zones namely “Rashakai Economic Zone M-1, Nowshera, China Special Economic Zone Dhabeji, Bostan Industrial Zone, Allama Iqbal Industrial City (M-3), Faisalabad, ICT Model Industrial Zone, Islamabad, Development of Industrial Park on Pakistan Steel Mills Land at Port Qasim near Karachi, Special Economic Zone at Mirpur, AJK, Mohmand Marble City, Moqpondass SEZ Gilgit-Baltistan”. (CPEC Special Economic Zones, 2020). SEZs form the central plank of CPEC and have the potential to lift Pakistan’s fragile economy and push it towards a high level of industrialization. (Tong, 2014).

Indeed, the International Crisis Group, based in Brussels, cites CPEC's Long-Term Plan (2017-2030), which defines the project broadly as “a growth axis and a development belt,” with “the comprehensive transportation corridor and industrial cooperation between Pakistan and China as the main axis” and “concrete economic and trade cooperation” as “the engine.” The plan also identifies four Pakistani priorities: the Gwadar port, electricity, transportation infrastructure, and industrial cooperation, all of which will accelerate Pakistan's industrialization and urbanization. (International Crisis Group, 2018). A fibre optic line is also planned under the project reaching from the port city Karachi to Lahore to advance internet connectivity. Besides operating Gwadar for trade, Beijing wants to develop the fishery, cement, and oil industries. (Mustafa, 2015). It is also believed that successful implementation of CPEC will facilitate the containment of extremism in the underdeveloped areas. Overall, it strengthens economic ties between Beijing and Islamabad, the weaker link in the partnership. Eventually, CPEC is described as “corridor of peace and prosperity”, and as “grand manifestation of the deep-rooted ties between China and Pakistan.” (Yousuf, 2016).

India's opposition to the CPEC stems from its fear that China would use it to undermine India's economic development and promote Pakistan. It is true that when Beijing signed the CPEC Agreement with Islamabad in early 2015, Pakistan's economy was struggling. So far, CPEC has aided Pakistan's economy by increasing power generation and facilitating further foreign investment. It is also fair for India to see the CPEC as China's attempt to protect Pakistan against India. India's CPEC problem stems from its fear of BRI, which aims to create a market belt connecting China's major cities with Central Asia, Western Asia, the Mediterranean, and, finally, Europe. (Adnan Aamir 2020) Neither Pakistan nor China has displayed any clear intentions to counter India by any means using CPEC. Indeed, the Indian economy is much larger than the Pakistani economy, and the CPEC alone does not enable Pakistan to become India's equivalent economic rival. (Adnan Aamir 2020)

Stockholm International Peace Research Institute (SIPRI) maintains “There is considerable concern within India that China, which has been neutral on Kashmir since 1963, can no longer be so now that its economic and security interests in these territories are growing in stake”. (Shahbaz Rana 2017) In addition, India is concerned that if the CPEC corridor is successfully completed via Gilgit-Baltistan, it would internationalize the Kashmir dispute. (Talat 2020) More worrisome is that as revealed by the “Chairman Joint Chiefs of Staff Committee (CJCS) General Zubair Mehmood Hayat in November last year that Indian RAW has established a special cell at a cost of \$500 million to sabotage the CPEC.” (Rehman 2020) It must be established that CPEC will turn Pakistan from a small economy to a larger economy (25th largest by 2025, and 20th by 2030), and this hard fact should not be dismissed as a myth or a debt trap. (Rehman 2020)

### 1.5 What are CPEC benefits for China?

Former Vice President of the World Bank, Shahid Javid Burki proclaimed during a seminar at the Institute of South Asian Studies, National University of Singapore that Beijing had been planning a land route to access the gulf region for many years, from which it could benefit both strategically and economically. As already described, Chinese companies are looking for overseas business and new opportunities due to the congestion and economic slowdown at domestically. Similarly, Chinese banks, which have plenty of money, need overseas projects for investment. It will entrench China centrally in the world market and will increase its global influence. It will give China leverage in Pakistan.

On April 20, 2015, during President Xi Jinping’s visit to Pakistan, Pakistan’s PM Nawaz Sharif said, “CPEC will also enable China to create a shorter and cheaper route for trade and investment in south, central and west Asia, and the Middle East and Africa.” (Press Release - Prime Minister’s Office, 20 April 2015). The oil and other trading products will firstly arrive in Gwadar port, and then be transported to China through a wide network of roads and railways. Asad Abbasi stresses that “the 3,000 km passageway through Pakistan will eventually reduce transportation time for Chinese trade from 12 days to a mere 36 hours.” (Abbasi, 2016).

Generally, BRI helps China to march westward, and dismiss pressure from the US pivot of Asia policy where it is bolstering alliance with South-East Asian nations mainly to control China’s rise and influence. Strategically, the corridor gives China much touted access to the Indian Ocean and help avoid the Malacca strait dilemma, which has been a major challenge for the Chinese national security. Eventually, the westward trek will offer China its own strategic space to enrich trade and economic links with neighbouring regions.



Figure 4: China’s Silk Route <https://www.weforum.org/agenda/2017/06/china-new-silk-road-explainer/>

### 1.6 CPEC Benefits for Regional Countries Peace and Security

CPEC can stimulate local progress, business, and economic connectivity a step further by granting India access to a colossal market in central Asia. This will also allow the other countries to be able to sell their commodities in South Asian regions. Contrarily, “India might risk herself into isolation, being thoroughly stationary and out of business prospects in an expanded region that is integrating with the Chinese economy worldwide.” (Joshi, 2017). Despite the fact that many independent observers have called for India’s limited inclusion in the BRI, this has largely gone unnoticed in government policy. If the BRI advances, India’s attention shifts to pursuing its own connectivity plans (individually or in collaboration with other partners) as well as disseminating information about how some of the BRI ventures – most prominently CPEC – are causing difficulties for recipient countries. From the initiative’s earlier geopolitical and developmental dimensions, India’s emphasis is now turning more toward defaming the political economy paradigms of participating countries, especially Pakistan and China. (Sachdeva, 2018).

Pakistan has recently begun transit trade to Afghanistan via sea route by reopening the Gwadar port, providing a much shorter overland connection, especially to southern Afghanistan, for rapid delivery of



goods. On 29 May 2020, a “cargo ship carrying 16,000 tonnes of urea for Transit to Afghanistan arrived at Gwadar, initiating trade via sea route between the two countries. The trade business has commenced under the Afghanistan-Pakistan Transit Trade Agreement (APTTA). Apart from fertilisers, Afghanistan will also benefit from the transit trade of sugar and wheat from Gwadar, while trucks carrying fully sealed consignments will cross over to Afghanistan through the land route, contributing to its socio-economic development.” (Hanif, 2020). CPEC promises connectivity across South Asia's length and width, as well as its perimeter, in order to create an economically powerful zone. This concept is based on China's newer position in the world's emerging geostrategic and geoeconomics foundations, as well as Pakistan's tenacity in forging an underwired economic base. As a result, Pakistan argues that a stable economy is a prerequisite for strong defence. Pakistan will provide a forum for economic development in the country and beyond due to its important geostrategic position as a mainstay of CPEC. (Salik, 2018).

Mr Sartaj Aziz, Pakistan's veteran economist and former Deputy Chairman of the Planning Commission, announced at a Pathfinder Group forum to emphasize the importance of projecting the country's soft picture at international forums that “the industrial cooperation under CPEC offers great opportunities and even Chinese entrepreneurs were considering shifting their industries to prioritised SEZs of CPEC.” (Rana, 2018). India's proverbial change of heart, making the decision to join CPEC will inevitably improve its relations with Pakistan as well as China; and is likely to lead to a peaceful environment in the region. The intra-regional competition for hegemony and major power status is likely to be reduced. There has been occasion when China found it hard to take sides with either India or Pakistan in conflicting situations. But then this is the very essence of complex interdependence, which can be expected to hasten the advent of peace and stability to the region.

### **Challenges in Materialization of CPEC**

CPEC has certain challenges both in terms of security and execution. Externally, India opposes it, while internally, Baloch separatists compete against the project. The Indian challenge is serious and daunting. India appears unhappy both with China and Pakistan. New Delhi has rejected Beijing's call to participate in the project, labelling CPEC to be unlawful as it passes from Gilgit Baltistan over which India lays an increasingly assertive though illegitimate claim. Moreover, India has a publicised policy of isolating Pakistan. CPEC provides an opportunity to Pakistan to prosper and develop economically. “India has multiple motives behind sponsoring terrorism, which include, inter alia, to keep Pakistan frail and unstable, and damage the process of economic development such as implementation of CPEC and other mega projects.” (Naazer, 2018; pp. 96-97).

Similarly, the policy change outlined by Washington in the 2017 National Security Strategy and the 2018 National Defence Strategy documents represents a tougher stance on great power rivalry, especially with regard to China. Related sentiments have been shared by Trump administration officials in other contexts. For example, US Secretary of State Mike Pompeo used his February 2020 visit to Kazakhstan to alert local audiences about the risks of doing business with China.

Similarly, Baloch nationalist pose a serious internal threat. Even the threat emanating from Baloch nationalists has attained external dimension. Recently, Indian support to Baloch separatists has turned mainly towards the sabotage of CPEC. However, India's “funded waves of insurgency have been minimized by the mutual cooperation of Pakistan Army and the local patriotic populace.” (Zaheer, Ikram, Asim, & Rashid, 2019). New Delhi has always backed numerous rebel groups in Baluchistan in their efforts to derail this critical mission, ostensibly to counterbalance China's increasing dominance and destabilize Pakistan's economic development. Previously, India was engaged in a number of mysterious operations in Baluchistan, including aiding terrorists in their assassination and abduction of Pakistani and Chinese employees. (Shah, Hussain, & Rasheed, 2020).

Pakistan's then Chief of the Army Staff, while addressing the seminar titled “Peace and Prosperity in Baluchistan and CPEC”, held in Gwadar stated that “Hostile intelligence agencies are averse to this grand project [CPEC], especially Indian intelligence agency RAW, which is blatantly involved in destabilising Pakistan.” (Yousuf, 2016). Furthermore, bureaucratic bottlenecks and route controversies are delaying the implementation of the project. China considers it to be a prominent project and wants its early completion, devoid of any delay and controversy. Pakistan will have to be very prudent in its implementation. Nonetheless, a strategy to enhance the alliance based on educating people about the utility of corridors may help Pakistani officials penetrate deeply and widely into society.

The flow of Chinese finances during the next decade will be crucial for Pakistan's future infrastructure development and economic enhancement. Any slowdown in Chinese pledges will cast doubt on the fate of these projects and leave a profound impact on Pakistani determination to modernise its socio-economic conditions. Experts have indeed warned about it. Asad Abbasi of London School of Economics cautions Pakistan can experience similar issue African countries have faced. (Abbasi, 2016). Similarly, World Bank in a report contended that "a prolonged slowdown in China could diminish financial inflows under the CPEC". It also appears that CPEC has essentially made Pakistan dependent on China as the FDI inflow from other sources has diminished remarkably in recent years. Security, Indo-Pakistan rivalry and reduced US interest in Pakistan have been tough challenges for Pakistani policy makers to overcome. "As the African experience shows, Chinese economic slowdown and interruption in supply of finance could leave huge scars on their economy. Chinese policies have led to joblessness and uncertainty in countries like Zambia.

Moreover, Tanzania, Ghana, Uganda, and Mozambique amongst others have experienced negative impact of Chinese investment, which has enhanced the gap between rich and poor. Furthermore, many projects in Sri Lanka have come to a halt due to change in government" (Husain, 2015), which has showed leaning towards India. Clearly Pakistan is growingly dependent on China's largesse's and investment, and a little variation in Chinese promised investment could result in a huge impact. Finally, the engagement strategy employed by stakeholders appears to be very weak. The bloom of CPEC depends to a large degree, on marketing and social campaigns. Besides which, the marketing methods are inadequate. We live in the twenty-first century and are fighting a war of twenty-first-century weapons. The circumstances necessitate the creation of a new and innovative communication approach that makes use of marketing and social media resources to meet the demands of the twenty-first century. This will not only continue to draw and retain an audience, but it will also help to increase audience retention (Ramay, 2020), but will also help ward off Indian propaganda which thrives on the relative vacuum of information.

### **1.7 India can Accrue Economic and Security Benefits by Joining CPEC**

Conversely India is set to gain in the domains of security and economy if it decides to join CPEC. India will get connected to western Asia and central Asia including access to Iran and Afghanistan allowing it to become one of the future hubs of BRI. For example, the success of proposed gas pipelines (IP and TAPI) very much stands on normal Pakistan-India relations. Similarly, other connectivity projects like BBIN, BCIM and BIMSTEC will flourish, and the economic momentum will be deemed favourable by ASEAN and SCO also. This road, rail and sea connectivity offers so many promising permutations and combinations which when aimed at economic development will inevitably lead to improvement in living standards of the people.

India's strategic decision to join CPEC must be built up systemically and logically, overcoming its hostile and inflexible policy towards China & Pakistan. This decision will be crucial owing to the long-lasting impact it will have on the regional security as it will help overcome most of its security mindset. Indian decision will signal economic interdependence in the short term which is likely to grow into a security covenant paving the way for long term peace and stability in the region. This policy level détente may lead to a conducive environment giving a chance to the dovish leaders who have remained in the background since the Hindutva Brigade took over under BJP's rule. India's fascist politicians feeding on hatemongering for the last few years need to take a break now and give peace a chance. After CPEC establishes an economic foundation between India, China, and Pakistan; India itself will enjoy the highest dividends having the potential to snatch away the limelight Pakistan is enjoying at the moment.

On the other hand, this arrangement does not suit India's current hegemonic ambitions in the region; therefore, is not likely to see light of the day in near future. For example, India will have to come to terms with the United Nations Security Council and rest of international community about the future of Jammu and Kashmir. This implies that India will have to normalise relations with Pakistan and agree with Pakistan's decades old stance seeking a peaceful resolution of all bilateral issues, Jammu and Kashmir being on the top. Likely, India will be reluctant to do so, unless the leadership subscribes to optimistic model of economic interdependence. Similarly, "transnational militancy in a state dyad is known to increase the potential for conflict, it may also spur interstate cooperation on counter-militancy operations under certain conditions. The model of Sino-Pakistani cooperation in fighting transnational militancy can also be replicated between India and Pakistan." (Basit, 2019; p. 694).

## II. CONCLUSION

In this article we have discussed India opposition to CPEC, its motives and the possible pragmatic solution to its problems. In case the CPEC is incapacitated, it will have harmful effects for the whole region. On the other hand, in the context of mistrust, hostility, negative peace, and zero political connectivity between India and Pakistan, CPEC is a viable forum for resolving these quandaries if political connectivity is created.

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