ABSTRACT

Through the ‘game changer’ project of China Pakistan Economic Corridor, China is aiming to stabilize its western part by promoting investment and economic development in its neighbour to the West, Pakistan, which will lead to a boost in the Pakistani economy through investments in infrastructure and construction of gas and oil pipeline. There is also the aim of reducing extremism in the Xinjiang region. However, there are several social, cultural and political changes that the project has the potential to bring about in Pakistan. This research work has made an attempt to understand the various implications of the China Pakistan Economic Corridor on Pakistan as well as how the COVID-19 pandemic impacted CPEC and the path ahead as the world slowly transitions out of COVID-19. This research paper has used secondary sources in order to answer these pertinent topics. Major opportunities which Pakistan and China have gained through this China-Pakistan economic Corridor as well as some challenges are also discussed.

Keywords: Pakistan, China, China-Pakistan Economic Corridor, Opportunities, Socio-Cultural Implications, Covid-19,

Introduction

CPEC is a major lynchpin endeavor of Xi Jinping, President of People’s Republic of China constituting one of the Corridors of the Belt and Road Initiative (National Assembly of Pakistan, 2021). CPEC consists of a 3000 km network of massive infrastructure projects that are aimed at promoting regional connectivity (Calabrese, 2016). In line with the general purpose of economic corridors, it is hoped that the corridor will promote pro-poor socioeconomic development and close infrastructure gaps in the region, thereby fostering regional economic integration. The idea of CPEC dates back to the 1950s where China envisaged the
building of a corridor that went from the Xinjiang to Gwadar (Kakepoto et al.2020)

Both China and Pakistan are aiming to gain from this project. China is seeking to improve relations with ASEAN as well as Central Asian and European countries through redirecting the country’s overcapacity and improve regional infrastructure development. This is also aimed at speeding up trade through China’s energy trade routes with the world and in turn enhancing its global status. Pakistan is also seeking to gain immensely from CPEC geo politically as well as boosting agriculture efficiency and output, employment opportunities as well as infrastructure and energy through the implementation of CPEC (Hassan, 2020).

The China Pakistan Economic Corridor is intended at enhancing the two countries ‘all-weather friendship’. This friendship has been made with mutual benefits for both countries with diplomatic relations being established since 1951. China and Pakistan remained steadfast allies in 1960s to 1970s even when Communist China was isolated by the international community. China has also provided Pakistan with economic, technical and military assistance throughout the years of being allies (Zhiqin and Yang, 2016). In writing this article, qualitative research method. Various documents have been consulted as well as secondary sources including books and published articles were also used.

Opportunities for China

China’s decision to invest in Pakistan, is based on strategic and economic interests (Markey and West, 2016). For China the ‘jewel in the crown’ related to CPEC is Gwadar. Gwadar serves a multifunctional role as it is on the tail of Silk Belt and is also one of the components of CPEC (Shulin, 2015). Gwadar will also guarantee China’s energy security due to it being strategically located near the Strait of Hormuz which plays host to transition of more than one thirds of the world’s oil trade and allows transition of trade to be facilitated faster than the Strait of Malacca route which is 12000 km long and another 3500 kms distance from Chinese ports to Xinjiang, it would mean savings in shipment times, distance and costs. (Markey, 2016).

Second, China is also looking for a safer route for its maritime oil and natural gas imports passing of which 82% and 30% pass through the Strait of Malacca due to the threat of piracy (Bender and Rosan, 2015). The effect of a threat of a blockade by US or Indian Navy would be reduced due to the route change of Gwadar.

China has security concerns, especially in the autonomous region of Xingjiang, it has sought to meet unrest in the volatile region through a large security presence as well as economic development in the region. With the East Turkistan Islamic Movement (ETIM) establishing ties with extremist organizations such as the Taliban and Al Qaeda at the border of region of Pakistan and its neighbour to the west Afghanistan as well as CPEC representing China’s aim of increasing economic development and in turn improving security which is one of China’s main interests in promoting the China Pakistan Economic Corridor (Council on Foreign Relations, 2015)/ Through investments in CPEC, China’s aim is to increase employment, reduce separatist sentiment and improve the allocation of resources for ensuring law and order in the country (Chaudry, 2015). Energy transport time will also reduce from 45 days to 10 days when the route is shifted
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from Strait of Malacca if done via Gwadar Port (Butt and Butt, 2015). The Gwadar- Xinjiang route will also promote new trade opportunities in Middle East as well as beyond (Ahmad, 2016).

Third, China will get sea access as well as development of its landlocked province of Xinjiang (Ahmad, 2016). CPEC will also benefit landlocked countries of Central Asia and increase regional relations. Gwadar will be connected with Central Asia through CPEC, promoting bilateral relations (Ahmad, 2016).

Opportunities for Pakistan

The leadership of Pakistan firmly believes that the China Pakistan Economic Corridor will be a major and positive turning point for Pakistan in all socio-cultural and political aspects and will also lead to regional cooperation and connectivity (Chaudhry, 2016).

The full implementation of all the planned projects comprising CPEC would guarantee an investment that would be higher than the combined FDI in Pakistan since 1970 (ibid). Four million employment opportunities would be generated which would include directly and indirectly related to the China Pakistan Economic Corridor. and add 2.5% to the current 5% GDP growth rate (The Nation, 2015). An excess of one million indirect employment opportunities will be created in service sector in Pakistan (Choudhry, 2015).

Various steps through CPEC have been taken to overhaul infrastructure in Pakistan. A 1.100-kilometer-long motorway that is under construction between Lahore and Karachi as part of infrastructure project which amount to $11 billion dollars as well as the planned reconstruction of the Karakoram Highway (DAWN, 2014).

CPEC is considered a turning point for the entire region. A major aim of CPEC is to reduce the energy crisis engulfing Pakistan. In relation to this goal, there has been successful completion of Phase 1 with Phase II projects in the works that are closely attached to industry, trade, tourism and agricultural development and are instrumental in promoting economic growth in Pakistan (Bozun, 2021; Iqbal, 2020). Pakistan has successfully added around 60,000 jobs solely thanks to the China Pakistan Economic Corridor (Rehman, 2018) with Phase II expected to add further employment (Iqbal, 2020). Long term plan of the China Pakistan Economic Corridor are set to be completed under the CPEC Vision 2025 with goals to increase employment which will in turn increase economic development (Ahmad, 2020).

This ambitious project of CPEC is also expected to reap educational and cultural advantages for Pakistan through new learning possibilities (Kanwal, Pitafi, Rasheed, et al., 2019). The development of vital infrastructure has been shown in previous instances to impact local communities through CPEC as well as enrollment in education and through this Pakistan aims to do the same (Asomani-Boateng et al., 2015).

The investment that has been generated by CPEC has surpassed the accumulate FDI that Pakistan has received through the previous years as well as being higher than the aid received by Pakistan from the United States (Syed, 2015). Through
Karakoram Highway and Karachi-Peshawar Motorway among other projects under CPEC, Pakistan and China will encounter cultural exchanges as well as increased development (Reuters, 2018). It would also increase regional connectivity, formation of formal economic zones and economic integration. China-Pakistan Economic Corridor would link both these countries of Pakistan and China through various forms of vital infrastructure. Gwadar would also be fully functional through deep-water sea port. (Shoukat, Ahmad & Abdallah, 2016). CPEC is expected to be 20 percent of GDP of Pakistan's economy.

The standard of living can be increased as well as poverty be alleviated through the connection of major economic hubs with isolated regions resulting in the reduction of development gap along the way (Bhattacharyay, 2012). Both countries stand to gain from CPEC-Pakistan is aiming to increase its economic development through overcoming its social and energy problems whereas China is aiming to increase its sphere of influence and become a global player as well as improving access to efficient energy routes.

These plans which are presently in the stages of construction which have an estimated budget of 1 billion dollars and are planned to quickly increase and enlarge the infrastructure of Pakistan as well as increasing economic relations between these two nations (Murad, 2018, pg.15). CPEC has also gained importance through being included in the People’s Republic of China 5-year plan (Rashida & Farooq, 2016).

**Socio-Cultural and Political Impact of CPEC on Pakistan**

As a massive project bringing transport, energy and infrastructure investment into the country, CPEC has definitely had major positive social, cultural and political impacts on Pakistan.

The project has led to enhanced cultural exchanges between the two countries, which will open the door to promotion of Pakistan’s identity and culture abroad (Kakepoto et al., 2020). The improved road and infrastructure links are expected to enhance basic services such as education healthcare and banking (Kanwal et al., 2020). Through this the skill sets of the population will also improve (Sun et al., 2020). Over the coming decades, the rail links set up under CPEC are expected to facilitate movement of, not only goods, but workers and small businesses (Saeed et al., 2021).

One benefit that is expected that CPEC is going to bring is better entrepreneurial culture and spirit, and improved work ethic (ibid). An established positive impact has been the absorption of the Chinese language into curricula throughout Pakistan at the secondary and tertiary education levels. The knock-on effect has been an improvement in in-take of Pakistani students in Chinese higher-educational institutions (Asif et al, 2019). Further, this has allowed entrepreneurs to initiate business with Chinese markets and traders (Saeed et al., 2021).

Out of the rise in economic activity and social / cultural integration that the mega-project has brought and will continue to bring, it is hoped that the local communities will improve economically through the implementation of CPEC (Sun et al, 2020).

On a cultural level, the advance of CPEC has started having an impact on the
prevalent construction trends. Although the trend commenced some time ago along the Karakoram Highway, this trend is starting to be mirrored throughout Pakistan. Chinese styles of living and cuisine are also making inroads into Pakistan’s culture. This is not limited only to eateries for the Chinese workforce, but more towards the local population, owing to its increasing popularity (Saeed et al, 2021). Chinese clothing and brand trends have started coming into Pakistan. Miniso, a popular Chinese novelty store, has opened multiple stores in key cities in Pakistan (Saeed et al, 2021).

The social and cultural links have also been extended through marriages between Pakistani and Chinese people, mostly driven by students studying in China and businessmen frequently visiting China. This is expected to bring the societies and cultures of Pakistan and China further closer together. It is important to understand that these processes and improvements do not exist in isolation. Road and rail links, and energy infrastructure improvements make it easier to travel and do business, which also impacts cultural integration, and the increased integration means that work ethic and culture improves and flows through to Pakistan.

However, detractors of the project have levelled many criticisms at the project’s negative social and cultural effects. As a base, these commentators use the vastly different cultures of the two countries, one Islamic and the other largely a religious. These detractors also point to the potential for tensions between the people of the two countries. However, these have failed to materialize (Javaid, 2019).

In many ways, the political impact of CPEC has perhaps been the greatest change brought to Pakistan. On the domestic front, all parties and stakeholders agree that the project must go through to completion, and CPEC enjoys bi-partisan support. However, internationally, the project has brought Pakistan closer to its all-weather friend, China, while further straining relations with its neighbour, India, and that country’s benefactor, the United States of America, which does not want a peaceful and prosperous China.

**Impact of Covid-19 on CPEC**

2019 saw an unprecedented global event that forever changed the world. Covid-19 pandemic presented an unprecedented economic and social change for the world. The first case of Covid19 was detected in Wuhan, China, in December 2019, thereafter spreading to the rest of the world which resulted in the WHO declaring Covid-19 a global pandemic (Ahmad, 2021).

The Covid-19 pandemic affected all parts of life which ranged from education to international projects as well including CPEC. The beginning of the Covid-19 pandemic delayed the CPEC project for eight weeks. (Saeed, 2020). (Haider, 2020)/ The Covid-19 pandemic had an effect on the economic development of Pakistan. Some estimates said that economic development was almost halted during the COVID-19 pandemic. The pandemic forced people to work from home due to the threat of the spread of the virus. Businesses also faced problems of supply due to government restrictions during the pandemic (Jabeen et al, 2021; Pitafi et al., 2019). That meant that those companies that had to do on site work regarding CPEC were negatively affected.
The Covid-19 pandemic reduced net Foreign Direct Investment in Pakistan. The FDI declined from $290 million in February 2020 to $280 million in March, and then to 150 million dollars in April. Then it declined to $120 million in May, and continued dropping to $176 million in June 2020. The first six months of 2020 witnessed the COVID-19 pandemic produce a massive setback to CPEC. The Belt and Road Initiative faced consequences due to COVID-19. February 2020 saw the Chinese officials admitting that it would not be affected by COVID with no serious impact on BRI. This changed with the being limited effect of Covid-19 on BRI, then in April the Communist Party of China quickly announced that Chinese would be restarting their overseas projects, including CPEC (Mourtiz, 2020).

Cross border restrictions were implemented on the CPEC project through which some of which came to a halt. At the start of the pandemic foreign investors appeared to be taking longer to regain their confidence in the Pakistan economy. As a result, there was a slowdown in the short to medium FDI. As COVID-19 caused widespread travel restrictions for Chinese engineers and workers and lockdowns- a 8-week delay in the China Pakistan Economic Corridor projects was witnessed due to the Covid-19 pandemic in 2020 (Sacks, 2021).

The Covid-19 pandemic effected the implementation of the Special Economic Zones (Jamestown.org, 2021). The inauguration of the Special Economic Zones in Baluchistan and Khyber Pakhtunkhwa had their inauguration delayed due to travel restrictions and the limits to trade across borders as there were mandatory quarantine measure implemented aimed at halting the spread of the virus (Haider, 2020; Reuter, 2020). There is optimism among the Chinese authorities that CPEC will have speedy implementation once the situation improves (Reuter, 2020).

Most projects comprising CPEC stayed on track even during COVID-19 pandemic. September 2021 saw the completion of The High-Voltage Direct Current power transmission line that connects Matiari and Lahore with it swinging into operation as planned in September 2021. SEZs are being constructed to facilitate various industrial clusters, including but not limited to textile and IT products as well as automobiles and electronic products. It is hoped that as the COVID-19 situation is improving the long term plans of CPEC will be successfully implemented by 2030 (Post-Covid Prospects: Pakistan: Interview with Bilal Ahmad Butt, Consul General of Pakistan in Hong Kong, 2021).

CPECs supply chain suffered greatly due to the Covid-19 pandemic. The supply chain of raw material was interrupted as well as the supply was also stopped. There were also reports of workers refusing to work with Chinese colleagues due to the perception of Covid-19 being spread from China construction workers as well as engineers who were stuck due to quarantine or being infected by the virus (Mourtiz, 2020).

Even though COVID-19 affected every aspect of the functioning of the world, CPEC fared well considering. According to reports, Pakistani employees of CPEC did not lose their jobs and they also did not suffer pay cuts during the Covid-19 pandemic (Xinhua, 2020; Dawn, 2020. Even though some projects were stopped briefly but there were no reports of cancellations. Even though the Covid-19 pandemic brought issues for both countries of China and Pakistan, both countries
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faced different types of challenges with for example Pakistan’s challenge related to the IMF bailout deal (Dawn, 2021)

However, resources were organized by Pakistan to make sure the gap was filled. Pakistan, on its part, was a firm advocate of keeping CPEC projects on schedule even during the COVID-19 pandemic. In that spirit and to make sure that the project sites were Covid-19 free, gloves as well as disinfectants and medical gear was provided with medical teams visiting regularly. No cases were reported from the sites.

**Recommendations**

The China Pakistan Economic Corridor has provided Pakistan a tremendous opportunity to exert its geo strategic influence in a positive way as CPEC is set to have a positive socio-cultural and political impact on both countries of Pakistan and China as well as the world.

The COVID-19 pandemic impact on the world and CPEC in particular, has shown the need for consistency in policy making and implementation. There should be consistency in the government policies regarding CPEC. This has to be backed up by transparency of the government policies vis-à-vis CPEC, limited by considerations of national security. There is also a need for Pakistan to set realistic project, negotiate better contracts which facilitate Pakistan and to put it on the path toward sustainable economic development (Rafiq, 2021). Transparency and more effective communication with the public will lift the cloud of secrecy and impunity which currently surrounds CPEC information.

Another important point to note is that most of the CPEC projects are funded by Chinese finance as well as a majority of Chinese workforce being employed. Therefore, the success of BRI would be closely tied to how the Chinese economy would be faring. A more sustainable approach would be one that is geared towards grass root local economies and is committed to engaging the local work force and using locally available raw materials. This in turn would ensure the supply of locally sourced materials as well as local workforce ensuring the smooth implementation of the CPEC projects (Mourtiz, 2020)

**Conclusion**

China Pakistan Economic Corridor is an expression of long-lasting bilateral relations between Pakistan and China. Pakistan had a major and vital part to play in breaking the Chinese isolation in early 1970s and now again is playing an instrumental part in China’s ambition to transition from a regional to a global power. This vast CPEC project will need to be guarded both physically and promoted in the country so that the benefits accrued from this project of national and international significance pass on to the common man in the country through ensuring transparency in government policies and communication regarding CPEC. This will also be a source of regional integration between various parts of the country.

There are fears that CPEC will be relegated to smaller projects that have less potential economic impact than previously anticipated. It is not to say CPEC has not facilitated Pakistan as it has helped to create employment as well as improve
infrastructure to name a few positive impacts. However, CPEC has been negatively affected by unfinished and stalled projects as well as terrorism and corruption. Covid-19 caused the Pakistan economy to contract and now Pakistan is looking to restructure Chinese debt repayment (The Express Tribune, 2021). Pakistan will have to resolve these outstanding issues through good governance, transparency and timely and open communications with the stakeholders involved in CPEC in order to gain the full benefits that CPEC ultimate to offer Pakistan.
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