

CPEC and Globalization: An Appraisal of socio-economic impact on Pakistan

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ABSTRACT

China Pakistan Economic Corridor (CPEC) is China's biggest incentive which has potential to bring socio-economic development in Pakistan in this globalized world. This study will explore the impact of CPEC on Pakistan and how this project will be a gateway for Pakistan's future endeavors through interconnectivity and developmental projects. The complexity of today's world and accelerating driver of world activities needs mobilizing activities and sustainable development projects such as infrastructure, renewable energy programs, Industries, and roads networks. China and Pakistan have long-term understanding of cooperation and development and the fast process of globalization requires the features of globalization as it guarantees the development of countries like Pakistan. The objective of this paper is to highlight the ability of CPEC and its long-term impact on Pakistan's economy. Globalization has its negative and Positive impact, but to fully exploit benefits in the socio-economic sector, it needs security, effective guidance, transparency, and global market access.

Introduction

Pakistan's geo-political structure has reflected and affected many of the issues that indicate its position in country and world affairs. In the 21st century, the term “multi-polarity and multi-engagement” evokes the Asia region which now becomes an abundant strategy for regional players and world powers. In a globalized world, China designs as the low power hegemonic actor in the world to rule as the economic power. Chins Pakistan Economic corridor (CPEC) was initially launched in 2013, which facilitated China's vision of expanding its market and providing Pakistan an opportunity to bring socio-economic development through its vast programs and projects.

Globalization and Pakistan's economic design:

The major issue Pakistan faced with the transitional phases of history was that the world went economically, and Pakistan couldn't sustain its policies to merge into world order and bring growth to its system. Globalization shared the values, beliefs, and cultures to the broad level design of integration. The process of globalization is so vast as it captures from social life to the political and economic system. Economic globalization consists of communication of marketing, enterprises, role of MNCs, international cooperation, merchandising and advertising. The end of World War II brought a revolution in globalization with the rapid use of communication techniques and nuclearization which created a system of interdependence at the global level. The theoretical study shows us that the use of globalization will be beneficial for developing states like Pakistan who can better survive in an interdependent world with cooperation. Furthermore, now economic globalization portrays the picture of economic integration, trade routes, road maps, railway networks, land and sea designs, sea power and so on. (John Baylis, 2020) The design of globalization in the 21st century, with rapid growth in each sector brought a revolution in all fields of life. The study requires the features of globalization as it guarantees the development of countries like Pakistan.

The design of this study is mainly focused on Pakistan's economic approach through CPEC which are the integration programs linked to the ancient silk route. The road map of these designs is economic and commerce through ancient silk routes which are located mainly in this region. The China design of rebuilding its ancient silk route throughout the seven continents and capturing all the main trade markets around the world through maritime silk route and Belt Road initiative is through the layouts of globalization. China is the main factor contributing to the globalization phase of economic cooperation and development. The concept of Global economy under globalization emerged to give benefit to the developing countries which is practiced under the China vision of economy. The western led system could not bring development and prosperity to the Asian countries into the design of Global economy. (Li, 2017) Through the integration process, the world will redefine its strategy towards economic development. This could bring a new wave in globalization. To recreate the balance of the world, the study is providing evidence to show how the process of global economy, in which Pakistan is the key player, will bring reforms and structural change in the world.

China Pakistan Economic Corridor (CPEC)

China and Pakistan collaboration over the last 5 decades are extraordinary. The launching of BRI in 2013 by China to expand its market in the world, but since then the CPEC has become the centerpiece of China's economic vision. China Pakistan Economic Corridor (CPEC) is the project launched by Chinese premier Li Keqiang in Pakistan in 2013. The corridor introduced in Pakistan with the investment of 46\$ billion which later expanded of 63\$ billion (Jiang, 2018)with enhanced connectivity programs.

The term CPEC called in Pakistan as the gamechanger for its economy and its future endeavors. The changing environment in the world hindered new avenues to build a strong enterprise for the global economy. The impact of globalization and speed growth of world larger economies shifted the world policies, and this is the phase of development with rapid decision-making technique done by the policy makers to choose the best possible option for sustainable growth. The period of this century is termed by scholars as hard choices taken in time to best method of survival. The opinion generated the new doors. The global change in this new phase of industrial revolution which requires rapid communication techniques, fast cable networks, quick links and liberal trade and economic activities to link the world' one corner to the other. Acquiring the recent trends in the market, South Asia is creating the triggering environment for global players. This region particularly became the highlights in almost the last five decades. And the growth of GDP in Asia Region in the last few decades makes it more vulnerable. It is particularly important that 70% of world economic growth is credited to the East side of the world. This part of the world has become the center and the other half of the world, the two axes of the world and in one axis, Pakistan is the key player. Trade becomes crucial and economic activities become important for integration and development of the world.CPEC is the game-changer multi billionaire program launched by China is not only crucial for Pakistan but the whole region to accommodate over 3 billion people in the capacity of well-being and opportunities. (Esteban, 2016)

“Indeed, the US\$46 billion package of projects contained in the CPEC offers an exceptional opportunity to Pakistan for tackling some of the main barriers hindering its economic development: energy bottlenecks, poor connectivity, and limited attraction for foreign investors. According to the Agreement on the China-Pakistan Economic Corridor Energy Project Cooperation between the Government of the People’s Republic of China and the Government of the Islamic Republic of Pakistan, signed on November 8, 2014, 61 per cent of the CPEC investment will be allocated to energy projects aiming to improve energy-system capacity and the transmission and distribution network. Thus, Pakistan may be able to terminate with what a Wilson Centre report labelled „Pakistan’s

Interminable Energy Crisis”,⁴ which according to their estimates, has cost its economy 2 per cent to 2.5 per cent of GDP annually. Only in the early harvest phases (2017-18), CPEC projects are expected to add 10,400MW to the Pakistan’s energy system.” (Esteban, 2016)

CPEC is beneficial for Pakistan's economy as well as region wellbeing. To modernize Pakistan's economy and help Pakistan to bring it out from financial crisis and dismal economy, China is providing the legitimate support and is the central provider and investor. The contribution from both sides and the fully collaborated strategy posed by CPEC is the win-win approach for both Pakistan and China. The key target is to hit the potential of the CPEC which is unlimited, as cited earlier with its full capacity it will accommodate the three billion human beings in surrounding regions, to provide them the opportunity to be served in person or invest through these projects to earn or to access the outer market. The whole sum game of the CPEC is the key to development.

CPEC which defines the segment of economic cooperation consists of series plans, short to long term which are designed to complete till 2030. The study of CPEC programs is done by both China and Pakistan which provides the feasibility report of each project tenure, The National Development and Reform Commission (NDRC) and under Pakistan's Ministry of Planning and development's commission of Joint cooperation committee (JCC), both jointly make research and with the collaboration they are determined to complete the CPEC in time. Both these sectors from China and Pakistan Collaboratory working on the dual agenda to target the goals in time. They have vast research and study divisions to carry out the decisions made by the head of both states. The research is mainly focused on the long- and short-term plan including energy, infrastructure and functioning of Gwadar port the centerline of the CPEC project. The heads of these committees meet occasionally to discuss and monitor the various sectors and work progress.

Significance of CPEC

The significance of CPEC is in the multi sector. It will not only utilize the natural resources of Pakistan but also provide the immense benefits to less-developed deprived areas of Pakistan like FATA, tribal areas, Gilgit Baltistan, Azad Jammu Kashmir, Balochistan's remote areas, interior Sindh, less developed areas of South Punjab and KPK. CPEC is an opportunity for Pakistan to rise in the world mainly in south Asia to counter the rival state India. This part of the 21st century made it possible to transform the economic design and avail the golden chance. The opportunistic design is gift, and this is shown in the smart words of Shakespeare, as he said

“There is a tide in the affairs of man, which taken at the floods, leads on to fortune; quitted all the voyage of their life is bound in shallows and in miseries on such a full Sea are we now afloat, and we must take the currents when it serves, or lose our ventures”. (Shakespeare, 1796)

The success of CPEC is crucial and the parameters set to make a rapid delivery of these projects enhance the significance of this project. Pakistan vision to handle its economic crisis, uplift the GDP rate, rise the middle-class income, provide opportunities for low-income families, offer job opportunities to youngster, and fill the gap of rural to urban life as the CPEC is significantly bring development to less-developed rural areas with increase to their capacity building and make them vulnerable to the state economic growth. In whole this will out burden the old economic hub cities, decrease the total migration to big cities from small and make a balanced environment in all the provinces. The overall growth rate will be portentous to the life standards of people. Pakistan could not afford to lose this opportunistic design which is key to its success.

Pakistan and China strategically create an environment in the region in which the design of Pakistan's geo-economics covers all the main areas of security, defense, FDI, trade, role of leadership, integration, and development. The 21st century is the rise of these strategies which have transformed the global system. The capacity of CPEC is not only fixed to economic

integration, trade, and political partnership, but it would enhance the two states' values to each other's citizens. This will promote people to people contact, ultra-level confidence building and strengthen relationships. The deepening relation of Pakistan and China is always characterized as the support of masses from both sides. The Pakistan public always sees China as its long-standing, time needed friend which somehow manages to keep the relation with Pakistan even under the extreme period of terrorism. Pakistan always established and gave importance to China's stance over its domestic as well issues with the other world powers. The CPEC will be a beneficial project in terms of deepening both state relations and which they have traditionally managed to survive and this time it is covered through regional cooperation under the project of CPEC. It is a multilevel approach to tie the link between Pakistan and China. CPEC designs to link the Xinjiang province of China to Baluchistan province of Pakistan, these both sides of each state historically deprived of true development, face, and experience numerous challenges. The Xinjiang' city of Kashgar and the Baluchistan' city Gwadar will be linked through multiple routes covered with roads, railways, infrastructure and economic developmental projects, gas pipelines, energy projects and so on.

CPEC its Aims and Objectives

CPEC has aimed to build a gigantic trade route to reshape Pakistan's economy and uplift the economic needs to rebuild the sustainable development of each sector which will be beneficial for the state's outlook. In general, CPEC designed to fulfill two basic objectives:

- One is to promote and bring development in China's most important strategic partner and all-weather friend Pakistan.
- Second is to give China land and ocean access to the Indian Ocean through Gwadar Port.

Facilitate Economic Activities

CPEC is a multidimensional developmental project launched in time to facilitate Pakistan's economy. Economic development requires projects that have long-term impact on the country and provide vast opportunities for various fields. CPEC tends to give all types of basic facilities to all the provinces of Pakistan. With vast infrastructure design, the corridor will pass through all the provinces of Pakistan, linking the routes, creating new avenues, and facilitating the local masses. The mode of communication will be increased with construction of highways, airports, and railways.

Promote Peace and Stability in the Region

The incident of 9/11 has long-lasting effects on the world, especially in the South Asia region in which the grounds have found the cause of this war. The long war against terrorism put the region in a high security environment. The region needed a program that could re-stabilize the region with development. The design has an approach to build a road map that will cover especially those areas which were or are in the influence of the terrorism. China is keen to stabilize its western province, Xinjiang, where the Uighur community is running separatist movement, and wants to connect it with CPEC as the whole connectivity design will bring positive outcomes. Stability of Afghanistan is also crucial in the region peace making process. To link Afghanistan with CPEC will be a beneficial for the whole region. (Ambreen Khursheed, 2019)

Transform Social Economic Outlook

The fully functional CPEC will create a massive change. The corridor is designed to multilateral approach which resulted in socio-economic upgradation. Pakistan is eager to have this outlook as CPEC promises to provide huge employment and job opportunities along with providing job skills through various seminars and workshops. It is expected that with completion of CPEC, the GDP of Pakistan will be increased by 15%. This target has been achieved easily as before CPEC GDP of Pakistan decreased 2% only with the energy shortage. This issue has been resolved with energy projects and now Pakistan is sufficient to meet its energy demands. The energy sector is one basic breakthrough in CPEC. (Jan, 2017)

Reshaping Pakistan's Design of Economy and Strategy

Throughout history, Pakistan relied on the United States to fulfill its economic designs. This approach never fulfilled or satisfied Pakistan's need and could not serve Pakistan's interests. This project will give Pakistan an opportunity and provide a desirable environment to work closely with close bilateral friend, China. This scenario reshaped Pakistan's policy makers approach to work with new strategies and concepts under an independent setting. Through this, Pakistan could also get to work and collaborate with other states who themselves, keen to be part of CPEC to access the bigger market. This picture will spark Pakistan's economy with new investments. (Faisal, 2019)

Enhance Regional Connectivity

CPEC project designed to enhance the regional connectivity via sea and trade routes. China established the framework to connect CPEC with other countries or beyond the region of Asia. The descriptive nature of this project is its capacity to link the regions and practices the larger regional cooperation design. This connectivity will be an opportunistic move for deprived regions and land-lock states. (Sabahat Jaleel, 2019) The new international system is become the stage of competition to conquer the regions not by force but through increased regional connectivity. Pakistan and China both promoting this agenda via CPEC to connect the maximum regions. (Faisal, 2019)

Projects of CPEC

Gwadar port

Gwadar port is an immense developmental program which has great potential and liability for Pakistan's geo-economics design and connectivity. It will accommodate and facilitate trade activities. The imports and exports are materialized at Gwadar Port. The facilitator partners are China, CARs, Middle East, Iran, Afghanistan, and other regional states. Pakistan being the provider will get an immense level of mobilization of connectivity and transports. The shipments and cargo are launched at Gwadar daily. CPEC provides detailed projects to upgrade Gwadar city, the core purpose is to make it a hub of international and regional trade activities. The projects include Special Economic Zones, Gwadar Port, International airport and so on. (Khawar, 2019)

Energy sector

The main concern of CPEC authorities is to overcome the energy crisis in Pakistan. 2013 was the year Pakistan when the energy shortfall was so high in Pakistan and the loadshedding was estimated at 8 to 10 hours a day in urban areas and 12 to 14 hours a day in rural areas of Pakistan. CPEC proves to be a jackpot for the energy shortfall in Pakistan. The energy sector projects are harvested in all phases of CPEC, but mainly the first phase has specific value for the energy sector. It is estimated that about \$33 billion will be spent on the energy sector which includes energy generation projects related to various fields. The energy harvest projects will be included in all routes of CPEC to cover the areas and work on their potential too. The energy shortfall ratio was 4K MW to 6K MW before the CPEC. This crisis leads to an economic depression and affects the GDP growth of the state. To overcome the early crisis, the early harvest projects were designed to install electricity in the system to bring back the country's economy on track. Almost 10,400 MW has been added to the system of Pakistan in 2018. (Hussain)

Infrastructure Including Rails and Roads

The corridor is supposed to be built through huge infrastructure programs. As CPEC route links both carries, road and sea trade routes, for road infrastructure huge railway and roads projects have been designed to cultivate the project. Pakistan has ancient rail networks and road tracks which are designed to upgrade in all the phases of CPEC. Through these networks the regional connectivity will rise and make CPEC official to connect the regions of both within Pakistan and outside of Pakistan. All the infrastructure projects are included in all the routes, western, central, and eastern routes of CPEC. This is a mega project to connect which leads to increase in connectivity, fast tracks, massive involvements of stakeholders and easy

access of people to markets and projects. The early harvest projects also designed to speed the trade and connectivity of cities in Pakistan. (Hussain)

Special Economic Zones (SEZs)

CPEC project has total 9 Special Economic Zones, in all provinces in Pakistan including capital territory Islamabad. SEZs got special attention from CPEC authorities and from the private stakeholders to invest in these industrial cities. The definition of SEZs is as:

“A special economic zone (SEZ) is an area in a country that is subject to different economic regulations than other regions within the same country. The SEZ economic regulations tend to be conducive to and attract Foreign Direct Investment (FDI) refers to any investment made by a firm or individual in one country into business interests located in another country” (Special Economic Zone (SEZ) Meaning and Relation to FDI).

The great benefits from these SEZs are to attract foreign investors to invest, the bigger investment will create massive employment opportunities and open new avenues for local companies. The huge development creates modernization in industrial fields which will leads to more competitive environment, bigger access to the markets and upgrading the work skills. These zones have free trade markets, industrial parks, and massive infrastructure designs. (Hina Aslam)

Fiber Optic Cable Project

The world become global village with the fast flow of information, through CPEC, the Cross border Optical Fiber Cable project’ a new milestone to enhance the regional connectivity and cross-border speed connection, under CPEC a Memorandum of Understanding (MoU) was signed. This MoU has a significant place in the CPEC project as it will bring speed connection between China and Pakistan. Under this, an 820 km optical fiber cable is planned to lay down at the Pakistan and China border line, Khunjerab pass and Rawalpindi. The estimated cost of this project is proposed under \$44million. (China-Pakistan Cross-border Optical Fiber Cable Project, 2018) The financial responsibilities are carried by the Exim Bank of China. The project was inaugurated on 13th July 2018. The optical cable routes are below: ‘466.5 Km cable pass through Gilgit Baltistan

- 287.66 Km laid down in the province of Khyber Pakhtunkhwa
- 47.56 Km is in Punjab Province
- 18.204 Km is in the capital territory Islamabad.

The intensity of this project is considered as its capacity to convert CPEC into a digital corridor, a new phase of geo-economic integration. The speed into networks, will significantly change the economic environment of the remote and upper areas of Pakistan. These areas previously could not adopt high-speed network technology such as 3G and 4G. Gilgit-Baltistan and Khyber Pakhtunkhwa are enabled to enhance the telecommunication sector, this advancement on CPEC routes is creating a digital link to regional states, including China, Pakistan, and CARs. The globalized world is materialized growth of economies through IT and digital networks. This cable will mobilize and bring awareness to the IT sector and boost the tourism industry. (CPEC Optical Fiber Cable Project , 2020)

CPEC and Economic Growth in Pakistan

CPEC is the highest ever investment in Pakistan that is a huge opportunity for the dismal economy of Pakistan. Once the mega project is completed it will bring a massive change in Pakistan and particularly on its economy. The low growth of Pakistan's economy is expected to increase to 4 % higher. It is evident that once heavy investment comes in any state it will bring massive opportunities for every sector of life. The high inflation rate will be lower as the key projects of CPEC are designed to build an infrastructure to promote the development of the country.

Economic Growth of Pakistan is expected to rise after the CPEC project which seems to be practical now. Economic growth measures through GDP rate and level of inflation in the country. Through GDP, the economic situation can be observed and measured easily.

Pakistan is a country which has been affected by security imperatives and must invest a lot in this sector which has an overall effect on its economic growth. The economic related issues never stop in Pakistan, but they have their fluctuation just like the other factors. To overcome the need for the country's economy, Pakistan has no other choice but to look out for help and with heavy loans and debt, Pakistan is mostly trapped under this situation. This includes unemployment, high inflation rate, poverty and many related issues that escalate and burden the state economy. GDP formula is used to check the details of a specific time of country growth and take the ratio of per capita income of the complete population. This depicts various fields, from overall condition of market and society to growth rate of economy where wealth of state increase, reserves become high, inflation decreases, trade volume uprise and make the value of currency strengthened. PEC created an immense opportunity for Pakistan to increase economic growth through heavy investment and increase trade. Moreover, Pakistan will be able to be an active trade actor in the region which will make Pakistan a center point for trade activities, this will bring huge opportunities, easy access to world markets and goods, and uplift its image as a potential economic player in the region. The creation of SEZs contributing to Pakistan's economy in the long term. These economic zones will be generating opportunities, jobs, developing the skilled sector in Pakistan, and overall affecting the trade and import of Pakistan. The estimated data of SEZs is that it would add around 23% of Pakistan, would attract the foreign direct investment, and create around 30 million jobs. These are not only for labor but for skilled people. And according to an economic expert, 30 million jobs mean 30 million families will be accommodated. (Baig, 2021)

Conclusion:

Pakistan's potential has been increases through the CPEC, yet the challenges need to be categorized under global political environment, where the competing forces and market economy may have pose challenge, not only externally but also affect the vulnerability to Pakistan's domestic market. However, the current circumstances require the right tools of globalization to achieve the maximum benefits from CPEC.

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