ADVANTAGES OF CPEC FOR PAKISTAN AND CHINA AND EXPLOITATION OF OPPORTUNITIES AFFORDED BY CPEC

1. **Introduction.** CPEC is a flagship project of Chinese leadership’s overarching initiative of One Belt One Road and envisions connecting Kashgar City with Gwadar Deep Sea Port through highways, railways and pipelines. What makes this corridor unique is the fact that it affords the vital link between Eurasian land routes and maritime silk routes envisaged under OBOR. Therefore, Pakistan serves as an International Interchange enabling us a great strategic advantage to be the hub for international trade and integration of economies of Asia, Africa and Europe. This geo strategic advantage needs to be harnessed on the basis of mutuality of interests to translate into geo-economic gains.

2. **Strategic and Economic Context**
   a. Gwadar Port is the cornerstone of the whole gambit and Gateway to South West and Central Asia with its strategic significance extending from Persian Gulf through the Indian Ocean to South East Asia and the Far East. Almost 35 to 40% of sea borne oil shipment transits through Strait of Harmuz. Gwadar located at cross roads of three sub regional systems, bridges the gap for transportation of this vital source of energy. Therefore, it retains fundamental role in the future economic prospects of about 20 countries of Central Asia, South Asia and China by providing economically viable, cost effective and shortest route for transit and supply.
   b. The corridor will reduce sea land route distance between Europe and Western China to less than half. A trial was conducted last year for transportation of containers from Beijing to Gwadar and Karachi through Sea Route as well as Land Route through Khunjrab. Transportation through land route took almost half the time with
approximate saving of 7 to 14 Cents per Kg that translates into savings of Billions of Dollars per annum.

3. **Strategic and Economic Gains for Pakistan & China.** CPEC is a classic manifestation of convergence of geo strategic and geo economic interests of the two countries with socio-economic and diplomatic relations fostered through vicissitudes of time. While complementarity of the economies would serve the economic interests of the two states, development of mutually beneficial infrastructure will further harmonize the efforts to counter common adversaries. Envisaged advantages and gains for the two sides are as under:-

   a. **China**

      (1) Economic development of relatively backward Western Regions especially Xinjiang will bring peace and stability facilitating trade with Central Asia to meet the growing energy needs.

      (2) CPEC would afford China shortest access to its markets in Asia, Europe and beyond. Use of Gwadar Port will facilitate trade from Persian Gulf and Africa to Western and Northern China reducing the distance by several thousand kilometres (almost 12500 Km) and slashing the cost by Billions of Dollars.

      (3) Almost 80% of China’s oil is currently transported from Strait of Malacca to Shinghai. Transportation time of oil imports from the Middle East and Africa will be reduced from over 30 days to just 2 days after completion of pipeline projects and will not be dependent on shipping through Straits of Malacca and the vulnerable maritime routes. Besides economic factor, presence in Gwadar is of great strategic value for China and would be a great strategic advantage in case of war in Asia and blockade of Strait of Malacca.

      (4) For the Chinese investors, Pakistan has lot to offer in multiple sectors because of low labour cost.
b. **Pakistan**

(1) In the strategic context, CPEC conforms to Pakistan’s security paradigm and “Look East” policy and will serve towards furtherance of strategic partnership.

(2) Located at the crossroads of huge supplying and communicating markets, fully functional Gwadar Port linked with China and Central Asia can play a vital role in economic revival of Pakistan.

(3) It also affords us great opportunity for socio-economic development of GB and Balochistan Province.

(4) Pakistan would benefit through investment from China for development of requisite infrastructure and to bridge energy shortfall. This will help Pakistan in realizing the potential to become a regional trade hub and energy corridor thereby bringing huge transit revenues and employment opportunities.

(5) Even the conservative estimates show projected possible revenues of over 100 Billion US Dollars on account of transit revenue per annum in long term besides creating employment opportunities in hundreds of thousands.

(6) With 95% of Pakistan’s trade through sea and economy heavily dependent on sea trade, development of Gwadar Port and its connectivity is of extreme significance to reduce load on Karachi and Bin Qasim ports for furtherance of Pakistan’s Sea borne trade.

4. **Key Imperatives for Pakistan.** Having seen the immense potential; what should be our focus to make the most of this opportunity for seeking sustained economic development and securing our socio-economic future; Improvement and development of requisite infrastructure is absolutely essential. Key imperatives in this context are:-
a. Regional connectivity by linking major ports of the country with trade routes through highways, railways and oil pipelines.

b. Development of world class efficient Logistic Chain and Infrastructure and Trade Facilitation.

c. Development of Special Economic Industrial Zones and Transit Facilities along the Corridor.

d. Increasing oil storages connected through pipelines.

e. Water and Hydro Power Development including mega dams on Indus Cascade coupled with medium sized HPPs.

f. Exploration and development of mineral resources to fund the economic programme.

g. Last, but not the least is development of skilled Human Resource.

5. **Pursuits and Initiatives by FWO to Exploit Opportunities Afforded by CPEC.** FWO, being the leading infrastructure development organization of Pakistan, is cognizant of its responsibilities. Besides implementation of CPEC projects entrusted by the Govt, FWO has conceived and planned projects of immense national significance to optimally capitalize on the enormous opportunities through Public Private Partnership and Built, Operate and Transfer Regime. Pursuits and initiatives of FWO in the context of CPEC are covered in ensuing paragraphs.

6. **Road Infrastructure**

   a. FWO is maintaining Karakoram Highway since its construction in 1978. However, capacity has been enhanced to keep the Khunjrab Pass opened during winters for ensuring round the year functionality of CPEC

   b. Road Jalkhad - Chilas was completed last year and now Road Kaghan - Jakhad - Chilas serves as an alternate route for vulnerable portion of KKH.
c. Down from Northern Areas, FWO is playing a central role in development of Western and Eastern Routes of CPEC.
d. Along the Western Route, the most arduous and challenging portions and missing links in Baluchistan have been constructed by FWO where almost 900 Kms of roads have been completed in record time of 2 years against envisaged time frame of 6 years.
e. Completion of these projects have linked Gwadar with China through KKH and Afghanistan and Central Asia through Chaman and Torkham.
f. Western Route has been further connected with Afghanistan at Ghulam Khan and Angoor Adda through development of Central Trade Corridor in FATA last year.
g. FWO is also developing one package of Hakla - D I Khan Motorway that constitutes part of CPEC Western Route.
h. Along Eastern Route of CPEC, Lahore - Islamabad Motorway has been rehabilitated and modernized by FWO on BOT Basis while 75 Kms portion of Karachi - Hyderabad Motorway has also been completed and inaugurated and remaining portion shall be completed by August this yr.

7. **Pilot Project Trade Convoy.** Completion of missing portions of Western Route in Balochistan by FWO last year enabled organization of first ever mega trade convoy from Kashgar to Gwadar. The historic event marked the founding of 21\textsuperscript{th} Century Maritime Silk Trade Route and has set in stone the actualization of CPEC. This pilot project was a water shed event that validated the viability of Economic Corridor and shall prove to be a catalyst for operationalization of CPEC. The event has further helped in identification of certain inadequacies in legal framework for transit trade and logistic infrastructure from futuristic perspective which are being addressed.
8. **Railway Infrastructure**
   a. As for Railway Infrastructure, FWO is working in close harmony with Pakistan Railways and Chinese Firms for development of Pakistan - China Dedicated Freight Corridor along ML-2 on BOT Basis to carry anticipated freight traffic of 80 Million Tons per annum.
   b. In a phased undertaking, the corridor will extend from Karachi and Gwadar to Kashagar, which would eventually link GCC Railway Network and New Eurasian Bridge.
   c. FWO has also proposed upgradation of ML-1 and ML-3 besides development of Kashmir Railway that can also be subsequently linked with China.

9. **Petroleum / Oil Sector Infrastructure / Projects.** In order to contribute to the needs of Petroleum Sector, FWO has planned and proposed various projects.
   a. First project is development of Oil Village along M-2 with a capacity of 50,000 MT. Work on this project has already commenced. Project to connect the Oil Village with Bin Qasim Port through White Oil Pipeline is in advanced stages of approval. The Pipeline shall also be further extended to Tarujaba in KPK where 35000 MT storage facility shall be developed. In future, this pipeline would be extended to Afghanistan and Central Asia.
   b. Other mega project is Gwadar - Kashgar Cross Country Oil Pipeline on Design, Build, Finance, Own and Operate Basis. This oil pipeline shall reduce the distance between Persian Gulf to Western China by over 7000 Kilometers ensuing huge saving in time and cost of transportation of Oil.
   c. An Oil Refinery is also being established in KPK.
10. **Energy and Water Sector Projects**  
a. FWO is currently undertaking Kurram Tangi Dam in FATA and Jagran-II HPP in Kashmir while 3 x HPPs in Chitral and Mohmand Dam have been awarded to FWO which shall be developed on BOOT Basis.  
b. FWO has planned and proposed development of Indus Cascade on BOOT Basis in Joint Venture with various Chinese Firms to harness water and power potential. Proposals are at various stages of approval with the Government.

11. **Miscellaneous Infrastructure Including Transit Facilities**  
a. A comprehensive plan has been formulated for development of Industrial Zones, Smart Cities and direly needed logistic infrastructure along M-2, M-9 and Pakistan - China Dedicated Freight Corridor.  
b. Accordingly, number of Smart Cities, Industrial Zones, Container Terminals, Grain and Fuel Storage Facilities and Ware Houses etcetera are planned along the Motorways. Similarly, 8 x Smart Cities, 10 x Oil Storage Facilities, 10 x Industrial Zones and 15 x Dry Ports are planned along Freight Corridor.

12. **Exploration / Development of Mineral Potential.** In order to exploit enormous mineral potential, a special ‘Mine Exploration and Development Organization’ was created in FWO during 2015 and pilot project in FATA has been successfully completed. Requisite technical expertise has been developed to undertake strategic mining.

13. **Human Resource Development.** FWO is presently managing the country’s best Technical Training Institute (CTTI). Realizing the requirement of huge technical and skilled workforce encompassing an entire spectrum of skill industry at implementation tier, General and Technical Education System (GATES) institutes are being developed along CPEC routes. On the request of
KP Govt, FWO is in the process of taking over non functional technical institutes of KP to manage them and organize training in line with modern day requirement as part of Corporate Social Responsibility. Moreover, National University of Technology and Skills Development (NUTECH) has been conceptualized and being established with its constituent institutes all along the corridor especially in remotest parts to train and prepare our youth. The university will introduce the concept of basic to higher education in the field of technology and skills development for the first time in Pakistan.

14. **Conclusion.** CPEC is a win win synergy for both the nations and the region. It is a rare opportunity for Pakistan to realize its true strategic and economic potential. FWO in its capacity is vigorously pursuing multi sectoral initiatives in sync with our socio-economic imperatives. This of course, if not gigantic, is at least a colossal undertaking requiring the private sector and financial institutions to come forward and join hands for expeditious implementation.