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From Gwadar to Xinjiang: **Mapping the Strategic Arc of Cooperation**



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How the China-Pakistan Economic Corridor is Reshaping Eurasian Connectivity

Introduction

Stretching from the warm, turquoise waters of the Arabian Sea to the arid, snow-capped peaks of the Karakoram Range, a colossal spine of concrete, steel, and fiber optics now defines the geography of South Asia. This is the China-Pakistan Economic Corridor (CPEC)—a 3,000-kilometer distinct "arc" of cooperation that serves as the flagship project of China's Belt and Road Initiative (BRI). The journey along this corridor is not



merely a transit through physical space; it is a traversal through history, geopolitics, and a rapidly shifting economic landscape. It begins at the deep-sea port of Gwadar in Pakistan's southwestern Balochistan province, rises through the fertile Indus plains of Punjab, winds through the rugged defiles of Khyber Pakhtunkhwa, and ascends to the "roof of the world" in Gilgit-Baltistan, before crossing the Khunjerab Pass into the ancient Silk Road oasis of Kashgar in China's Xinjiang region.

As we enter 2026, this strategic arc has evolved from a collection of ambitious blueprints into a tangible operational reality. The corridor represents a pivotal axis of bilateral cooperation, fundamentally altering the strategic calculus of the region. For China, it offers a critical alternative route for energy supplies and trade, mitigating the "Malacca Dilemma." For Pakistan, it promises the modernization of archaic infrastructure and the injection of vital energy into a starving grid. But beyond the asphalt and pipelines, the corridor symbolizes a deepening of the "all-weather friendship" between Beijing and Islamabad, transforming a relationship historically based on security calculus into one rooted in economic integration.



The landscape covered by this arc is as diverse as the challenges it faces. From the lunar-like rock formations of the Makran coast to the lush valleys of Swat and the formidable glaciers of the North, the terrain demands engineering marvels and strategic resolve. This article maps that journey, analyzing the status of key projects as of early 2026, examining the strategic dividends for both nations, and candidly assessing the hurdles that remain in realizing the full potential of this Eurasian game-changer.

Historical Background: Evolution of an Ironclad Bond

The roots of the China-Pakistan Economic Corridor run far deeper than its formal announcement in 2015. The bilateral relationship, established in the 1950s, has long been characterized as an "all-weather friendship"—a bond resilient to the shifting tides of global politics. During the Cold War, while Pakistan was formally allied with the West, it maintained a unique and robust strategic partnership with China, serving as a bridge for the Sino-American rapprochement in the early 1970s. This relationship was cemented not just in diplomatic halls but on the rugged slopes of the Karakoram mountains.

The precursor to CPEC is the legendary **Karakoram Highway (KKH)**. Constructed between 1959 and 1979, the KKH is often extolled as the "Eighth Wonder of the World." It was a feat of human endurance and engineering grit, carved out of the world's most unstable mountain terrain at the cost of over 1,000 lives of Chinese and Pakistani workers. The KKH provided the first physical link between the two nations, serving as a strategic artery for defense and limited trade. However, for decades, the economic potential of this link remained underutilized, constrained by difficult weather conditions and limited supporting infrastructure.

The paradigm shifted in the early 21st century as China looked westward to develop its landlocked provinces and Pakistan sought to revitalize its stagnating economy. The vision of an economic corridor was formally crystalized during President Xi Jinping's historic state visit to Pakistan in April 2015, where agreements worth \$46 billion were signed—a figure that has since expanded. This transformed the relationship from a geopolitical alliance into a comprehensive strategic economic partnership.

By 2026, the historical narrative has entered a new chapter. The relationship is no longer just about balancing regional rivals; it is about shared prosperity. The "1+4" cooperation structure—focusing on the CPEC Authority, Gwadar Port, Energy, Transport Infrastructure, and Industrial Cooperation—has integrated the two economies more tightly than ever before. CPEC is now viewed not merely as a transit route, but as a catalyst for industrialization, effectively extending the Chinese industrial value chain into South Asia.

Mapping the Strategic Arc: Infrastructure and Projects (2026 Status)

To understand the magnitude of CPEC, one must trace the physical infrastructure that now connects the Arabian Sea to the Tian Shan mountains. As of 2026, the corridor has matured significantly, with early harvest projects completed and long-term initiatives gaining momentum.

The Gwadar Hub: The Anchor of the Corridor

The journey begins at **Gwadar Port**, the jewel in the CPEC crown. Operated by China Overseas Ports Holding Company under a Build-Operate-Transfer (BOT) model, the port has seen over \$300 million in direct investment. By 2026, the port's handling capacity has expanded significantly. The Gwadar Free Zone is now fully operational, hosting manufacturing units ranging from fertilizers to assembly plants. A critical development has been the completion of the **East Bay Expressway**, which now seamlessly connects the port traffic to the national highway network, bypassing the congested town center. Furthermore, to address the chronic water shortages that plagued the city, a massive 5



MGD (Million Gallons per Day) desalination plant is now online, stabilizing the local water supply—a prerequisite for the city’s industrial ambitions.

The Balochistan and Punjab Corridor

Moving north from the coast, the Western alignment of the corridor cuts through the resource-rich but sparsely populated province of Balochistan. New road networks have reduced travel time significantly, opening up the hinterland. The corridor then enters the agricultural heartland of Punjab. Here, the transportation spine has been reinforced by the completion of the **Multan-Sukkur Motorway (M-5)**, a 392-kilometer high-tech artery.



However, the most significant transformative project is the **ML-1 Railway Upgrade**. As of 2026, substantial progress is finally visible on this 1,800-kilometer historic track connecting Karachi to Peshawar. After years of negotiation, the \$6.7-7 billion project is moving forward with a hybrid financing model involving Chinese loans and Asian Development Bank (ADB) support. The upgrade is doubling the speed of passenger trains and vastly increasing freight capacity, aiming to shift Pakistan’s logistics burden from road to rail.

The Northern Passage: Khyber Pakhtunkhwa and Gilgit-Baltistan

In Khyber Pakhtunkhwa, the Havelian-Thakot section of the KKH Phase II has been operational for several years, transforming travel in the Hazara division. The route then enters the precipitous terrain of Gilgit-Baltistan. Here, engineering fights a constant battle against geology. A major milestone in 2026 is the opening of a new **62-kilometer**

landslide-resistant alternate section of the KKH. This marvel of tunneling and bridging bypasses critical slide zones, ensuring that the artery remains open even during extreme weather events. Additionally, realignments around the massive Dasu and Diamer-Bhasha dams are well underway, preserving connectivity while Pakistan secures its water future.

The Gateway: Khunjerab Pass to Kashgar

At the apex of the arc lies the Khunjerab Pass, the world's highest paved border crossing. Historically closed during harsh winter months, a landmark agreement implemented in 2026 has facilitated the **year-round opening** of the pass. This development allows for continuous trade flow and year-round people-to-people exchanges, integrating the economies of Gilgit-Baltistan and Xinjiang. The route descends into China to terminate at Kashgar, a city revitalized as a logistics node in China's Western Development Strategy.

Cross-Cutting Infrastructure

Beyond roads and rails, the "arc" is defined by energy and data. Over 10,000 megawatts of power have been added to Pakistan's grid through CPEC projects, utilizing a mix of coal, hydro, and increasingly, solar energy. Simultaneously, the **Digital Silk Road** is active via the 820-kilometer cross-border fiber optic cable connecting Rawalpindi to Khunjerab, reducing latency for internet traffic between China and Europe. Industrial cooperation is crystallizing in nine planned Special Economic Zones (SEZs), with four priority zones—including Allama Iqbal Industrial City in Punjab and Rashakai in KP—now hosting active industries.

Strategic Dimensions: Economic, Geopolitical, and Security

The strategic logic of this arc operates on three distinct but interconnected levels.

Economic Imperatives

For China, CPEC provides a partial solution to the "Malacca Dilemma"—its reliance on the Strait of Malacca for energy imports. By offloading oil and gas at Gwadar and piping

or transporting it overland to Xinjiang, China reduces the distance for Middle Eastern energy imports by thousands of kilometers and mitigates maritime vulnerability. For Pakistan, the economic dividends are foundational. The injection of base-load power has largely resolved the crippling energy crises of the previous decade. The modernization of transport infrastructure is reducing the cost of doing business, while the SEZs offer a pathway to correct the country's premature de-industrialization. Thousands of jobs have been created, not only in construction but in the burgeoning services and logistics sectors arising along the route.



Geopolitical Significance

Geopolitically, the corridor serves as a stabilizer for China's Xinjiang Autonomous Region. By connecting its western periphery to the global market via the Arabian Sea, Beijing aims to bring economic prosperity to Xinjiang, viewing development as the ultimate antidote to unrest. Regionally, CPEC positions Pakistan as a pivot state for Eurasian connectivity. It is a critical node in the Belt and Road Initiative, linking South Asia with Central Asia. The potential extension of CPEC into Afghanistan remains a subject of active discussion, offering a tantalizing prospect for integrating the war-torn nation into the regional economy and facilitating reconstruction through trade.

Security Cooperation

The corridor has necessitated a deepening of security ties. The "ironclad friendship" has translated into robust military-to-military cooperation and intelligence sharing. With the corridor passing through volatile regions, the protection of Chinese nationals and projects has become a paramount priority. 2026 has seen joint calls from Beijing and Islamabad for "visible and verifiable" steps against Afghan-based terror groups, reflecting a unified



stance on regional counter-terrorism. The security apparatus protecting the corridor includes a dedicated Special Security Division (SSD) of the Pakistan Army, illustrating the militarization of economic protection.

Challenges and Balanced Concerns

Despite the optimism, the path from Gwadar to Xinjiang is not without peril. A realistic assessment must acknowledge substantial hurdles.

Debt Sustainability: A primary concern remains Pakistan's debt profile. The country owes approximately \$30 billion to China, a significant portion of its external obligations. Critics label this "debt-trap diplomacy," though Pakistani officials argue that the majority of CPEC energy projects are investments, not loans, and that infrastructure loans come at concessional rates. Nevertheless, managing repayment schedules while stabilizing the macro-economy remains a tightrope walk for Islamabad.

Security Risks: Security remains the most visceral challenge. The province of Balochistan, home to Gwadar, has witnessed sporadic insurgency. Attacks targeting Chinese engineers and workers have occurred, necessitating stringent security protocols that sometimes hamper the free movement essential for business. The safety of the corridor is a prerequisite for the success of its second phase; capital is cowardly, and persistent insecurity deters the private sector investment envisioned for the SEZs.

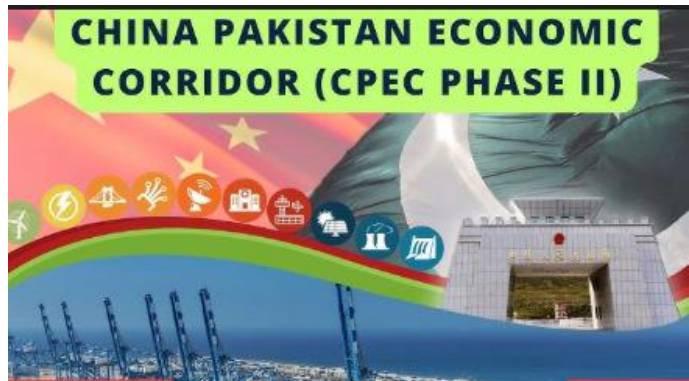
Geopolitical Sensitivities: The route's passage through Gilgit-Baltistan is a point of contention with India, which claims the territory. This has led to consistent diplomatic objections from New Delhi, adding a layer of regional tension to the project. Furthermore, as the US-China rivalry intensifies, CPEC is increasingly viewed through the lens of great power competition, complicating Pakistan's diplomatic balancing act.

Local and Environmental Concerns: There is also the internal challenge of ensuring inclusive growth. Communities in Gwadar and Gilgit-Baltistan have periodically protested for better access to water, electricity, and jobs, fearing demographic marginalization.

Environmentalists have raised concerns regarding the ecological impact of massive coal power plants and the disruption of glacial ecosystems in the north. Transparency in project terms and equitable benefit-sharing are essential to maintaining the "social license" for CPEC.

CPEC 2.0 and Future Outlook

As the "Strategic Arc" enters its second decade, the focus has shifted. The 14th Joint Cooperation Committee (JCC) meeting launched the **Action Plan (2025-2029)**, heralding the arrival of "CPEC Phase II."



The future of the corridor is less about concrete and more about silicon, seeds, and factories. The new phase prioritizes industrialization, agriculture modernization, and the digital economy. The goal is to relocate sunset industries from China to Pakistan's SEZs, integrating Pakistan into Chinese supply chains. Agriculture—the backbone of Pakistan's economy—is set to receive a boost through "smart agriculture" initiatives, aiming to increase yields and reduce post-harvest losses through Chinese technology transfer.

Maritime ambitions are also expanding. Current plans include the development of 3-4 new deep-sea ports to complement Gwadar, creating a string of logistical nodes along the Makran coast. This maritime strategy aligns with the broader vision of making Pakistan a trans-shipment hub for the region.

Looking ahead to the **75th anniversary of diplomatic relations in 2026**, both nations are preparing commemorative activities that will likely coincide with the inauguration of new milestone projects. The rhetoric has evolved from "iron brothers" to building a "China-Pakistan Community with a Shared Future."



In conclusion, the arc from Gwadar to Xinjiang is more than a transport route; it is a test case for the Belt and Road Initiative's ability to deliver development in complex geopolitical environments. While financial and security headwinds persist, the strategic logic binding China and Pakistan ensures that the project will continue to move forward. If CPEC 2.0 can successfully pivot to industrialization and deliver tangible benefits to the common citizen, this strategic arc will indeed reshape the connectivity of Eurasia for generations to come.