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## **Ten Years of CPEC in Pakistan-** **A Comprehensive Analysis**



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*Published on 1<sup>st</sup> December 2023*

China and Pakistan maintain a steadfast and enduring strategic partnership, characterized as "All-Weather" cooperation. Throughout the 72 years of their diplomatic ties, the two nations have consistently exhibited trust and unwavering support for each other, regardless of shifts in the international landscape, regional dynamics, or domestic situations. This year commemorates the 10th



anniversary of both the Belt and Road Initiative (BRI) and the launch of the China-Pakistan Economic Corridor (CPEC), further underscoring the longstanding and resilient nature of their collaboration.

Presently, the Belt and Road Initiative (BRI) encompasses over 150 countries and involves collaboration with 32 international organizations. Consisting of the Silk Road Economic Belt and the 21<sup>st</sup> Maritime Silk Road, this initiative has played a pivotal role in enhancing infrastructure and fostering connectivity among nations, both regionally and globally. The Belt and Road Initiative (BRI) serves as a testament to the resilience and continuity in a world undergoing turbulence and transformation. President Xi Jinping of China has acknowledged the significant achievements of the past decade, marked by an investment of \$1 trillion in approximately 3,000 BRI projects. These endeavors have not only generated 420,000 jobs but have also played a crucial role in lifting 40 million people out of poverty.

The China-Pakistan Economic Corridor (CPEC) stands as a manifestation of a transformative vision, nurturing socio-economic advancement, reinforcing diplomatic relations, and unlocking new avenues of cooperation between China and Pakistan. The focal point of the China-Pakistan Economic Corridor (CPEC), Gwadar Port which is pivotal to Pakistan's evolving position as the central hub for regional connectivity. Pakistan, being not only a neighbor but also a strategic partner of China, is in a fortunate position to leverage the benefits of the Belt and Road Initiative (BRI), with the CPEC serving as its cornerstone. Essentially, CPEC represents the narrative of the BRI, actively promoted and manifested in various forms.

CPEC has played a vital role in establishing a conducive environment in Pakistan, with a focus on key pillars such as energy, education, and the economy. Through direct investments totalling nearly \$26 billion, China has been instrumental in creating 236,000 jobs, generating 8,000 MWs of electricity, and constructing 510 km of highways along with 886 km of the national electricity grid. Additionally, over 28,000



Pakistani students are currently pursuing their studies in China, and more than 20,000 Pakistanis are engaged in learning the Chinese language.



The Belt and Road Initiative (BRI) and the China-Pakistan Economic Corridor (CPEC) go beyond mere infrastructure; they primarily focus on fostering people-to-people connectivity. This aspect forms the heart of the strategic relationship between the two steadfast allies, often referred to as the "Iron brothers," Pakistan and China.

CPEC goes beyond the construction of roads and power plants; it stands as evidence of the strength of collaboration and inclusivity. The initiative is dedicated to narrowing development gaps, especially in the remote and underdeveloped regions of Pakistan.

This article will explore the substantial influence of CPEC on Gwadar (a region set to emerge as a crucial hub), regional connectivity, trade, and highlight the completion of significant projects under the CPEC.

### **History of China-Pakistan All Weather Strategic Cooperative Partnership:**

In July 2013, the then Prime Minister Nawaz Sharif's visit to China marked a pivotal moment, resulting in the signing of a 'Memorandum of Understanding on Cooperation in the CPEC.' This agreement laid the foundation for a joint cooperation committee, emphasizing the special priority given to the development of the CPEC.

Following this, in February 2014, President Mamnoon Hussain of Pakistan visited China, where both nations pledged to expedite the construction of the CPEC. The focus areas, outlined by the joint committee, included crucial aspects such as infrastructure, investment, and energy. Sincere efforts were dedicated to pilot projects like the Karakoram Highway, Thar Coal project, Gwadar port operation, and the Karachi-Lahore motorway.

A significant milestone occurred on April 20, 2015, when Chinese President Xi Jinping made a state visit to Pakistan. This visit elevated the bilateral relationship to an all-weather strategic cooperative partnership, marking a new era for the CPEC. The emphasis shifted towards the Gwadar port, transportation,



infrastructure, energy, and production cooperation, encapsulated by the (1+4 Cooperation) model. Over 50 cooperation agreements were signed, covering energy, infrastructure, transportation, and various other fields.

On December 29, 2016, the 6th meeting of the CPEC long-term planning joint cooperation committee convened in Beijing. Recognizing the progress of CPEC construction, both sides enhanced the joint committee mechanism, establishing the Gwadar port joint working group and the industrial cooperation joint working group. This step further strengthened the overall planning and coordination for the construction of the CPEC, resulting in fruitful outcomes.

Regular meetings and dialogues have continued to take place to optimize the productivity of CPEC projects. Officials from both countries maintain consistent contact to facilitate better policy decisions and initiate new development programs.



**Important Projects Initiated Under CPEC:** CPEC's goal is to transform Pakistan's economy by modernizing its transportation systems and connecting Gwadar and Karachi ports to China's Xinjiang Uygur Autonomous Region and beyond. This aims to reduce the time and cost of transporting goods and energy, such as natural gas, to China by bypassing the Strait of Malacca and the South China Sea. The initiative also includes the establishment of special economic zones (SEZs) to spur rapid economic growth. There are several major project which are playing key role in economic and trade growth in Pakistan.



**Gwadar Port:** On April 20, 2015, during the visit of the Chinese President to Pakistan, he emphasized the leading role of the China-Pakistan Economic Corridor (CPEC) in practical cooperation between the two countries. Gwadar Port has transformed from a small terminal into a modern port, serving as a crucial outlet for Central Asian countries, connecting West Asia, South Asia, and Central and South Asia.

**New Gwadar International Airport:** Situated 26km northeast of Gwadar city, the New Gwadar International Airport is a modern facility boasting a 4F category runway with a length of 3685m. The passenger terminal covers an area of 14,000 square meters and is equipped with essential production and auxiliary buildings,



including facilities such as a police station, community hospital, school, and family area.

**East Bay Expressway:** The East Bay Expressway in the Gwadar region spans approximately 18.944km, starting from Pak-China Friendship Avenue in Gwadar and connecting to the existing Makran Coastal Highway. Its primary objective is to provide connectivity for Gwadar Port and its free zones with the main national highway network, facilitating smooth logistics transportation.

**Matiari-Lahore HVDC Transmission Project:** Initiated in December 2018 and completed in August 2021, the Matiari-Lahore HVDC Transmission Project serves as an energy transmission artery through southern and northern Pakistan. This project has significantly contributed to the development of the power infrastructure in southern Pakistan, meeting the increasing demand in the mid-country.

Established on October 25, 2015, Pak Matiari-Lahore Transmission Company (PMLTC), a subsidiary of China Electric Power Equipment and Technology (CET), is dedicated to the Matiari-Lahore 660kV High Voltage Direct Current (HVDC) transmission project. This pioneering project, operating under a 25-year franchise, has a rated transmission capacity of 4,000 MW, providing stable and high-quality power to millions of households.

**Sahiwal 1320MW Coal Power Plant:** Huaneng Shandong Ruyi (Pakistan) Energy Ltd.'s Sahiwal 1320MW Coal Power Plant, inaugurated in 2017, stands as the largest coal-fired power plant in Pakistan. With a significant annual power



generation capacity of 9 billion KWh, it addresses energy shortages for 20 million local people.

**Port Qasim 2\*660MW Coal Power Plant:** With a total installed capacity of 1320 MW and investment of \$2.08 Billion, the Port Qasim Power Plant has annual energy generation capacity of 9 billion KWh, operational since April 25, 2018, plays a vital role in Pakistan's energy landscape.

**Suki Kinari Hydro Power Station:** Anticipated to be operational in the second half of 2024, the Suki Kinari Hydro Power Station, with a total capacity of 884 MW, it is the largest overseas green field investment by Chinese enterprises.

**Karot Hydro Power Project:** Located on the Jhelum River, the Karot Hydro Power Project, operational since June 29, 2022, has a total capacity of 720MW, expected annual energy generation capacity of 3.2 billion KWh, meeting the energy needs of a significant local population.

**Karakoram Highway Upgradation Project:** Covering a length of 335km from Raikot to Khunjerab, the Karakoram Highway Upgradation Project aims to improve the overall highway network in Gilgit Baltistan, making travel more convenient for locals.

**KKH Phase-II (Havelian-Thakot) Project:** Situated in Khyber Pakhtunkhwa, the KKH Phase-II project has a total length of 118.143km, including sections like Havelian-Abbottabad (27.425km,) Abbotabad-Mansehra (27.425km) and Mansehra-Thakot 78.838km two-way class-II highway.





**Lahore Rail Transit Orange Line Project:** Initiated in April 2015, the Lahore Rail Transit Orange Line Project, completed in October 2020, is the largest rail transit project under CPEC, covering a total length of 27km and featuring 26 stations.

**CSEC PKM Project (Sukkur-Multan):** The Peshawar Karachi Motorway project, covering a total length of 1152 km starts from Karachi and passes through Sukkur, Multan, Faisalabad, Lahore and Islamabad to Peshawar, includes the CSEC took Sukkur-Multan Project with a length of 392km. It is the first motorway equipped with an intelligent transportation system in Pakistan.

**MCC Resources Development Company (Pvt.) Limited:** Established in 2002, MCC Resources Development Company is a modern mining company operating in Pakistan, It's primary commodity is blister copper, which is supplied to China, Northeast Asia, and Europe. The company employs 2,032 individuals, with 87% of them being local residents. Operating for two decades, it has gained recognition for its role in the Saindak-Copper Gold Project, acclaimed as a model project for China-Pakistan Economic Cooperation.

**The Duddar Lead Zinc Mine Project:** Located in Lasbela, Balochistan, the Duddar Lead Zinc Mine Project is the only underground metal mine in Pakistan, contributing significantly to economic and social development.

## **Huawei High-Speed Pak-China Information Highway Optical Fibre**

**Project:** This project, connecting Pakistan and China, is the highest altitude optical project globally, creating direct and indirect opportunities felt throughout the region.

**Huawei Safe City Project:** Aimed at combating terrorism and criminal activities, the Huawei Safe City Project has played a vital role in enhancing security and safety, reduce average police response from one hour to twelve minutes, and improving overall safety in major cities like Islamabad.

**The Smart Classrooms Project:** Funded by the Chinese government and covering 49 cities and 50 public universities, The Smart Classrooms Project utilizes equipment made in China, integrating communication and information technology for distance teaching.

## **CPEC Fulfilling Corporate Social Responsibility:**

The All Pakistan-Chinese Enterprise Association (APCEA) engages in various corporate social responsibility projects aimed at improving the well-being and welfare of residents in underdeveloped regions of Pakistan. APCEA stands as an influential and self-disciplined organization, comprising over 200 member Chinese enterprises established in Pakistan. Its primary objective is to elevate economic and social cooperation between its members and local enterprises.





The organization is dedicated to fostering friendly cooperation between China and Pakistan, with a focus on strengthening economic and social connectivity.

The following outlines some of these initiatives:

- a. Starting in 2017, China Communications Construction Company (CCCC) and China Road & Bridge Corporation (CRBC) initiated a renovation project for local orphanages, demonstrating a commitment to corporate culture that emphasizes dedication to society and people. The focus remained on the well-being and development of orphaned children. Employees working on the Karakoram Highway Phase-II project frequently bought fruits, clothing, snacks, etc., and willingly contributed funds to support the orphanages. These exchanges and mutual understandings have significantly strengthened the bond of friendship between Pakistan and China.
- b. The Gwadar Faqeer Colony Public Middle School in the Gwadar Region was established in August 2016 through the generous donation of the China Peace Development Foundation and China Overseas Ports Holding Co. Ltd. This organization is also responsible for the school's operation and management, ensuring the provision of optimal local teaching conditions. The school, which offers high-quality education, can accommodate nearly 600 students, many of whom come from economically poor backgrounds, including orphans. The institution serves as a source of quality education and care for these students.
- c. Additionally, various companies have made noteworthy contributions to the welfare of Pakistani citizens. For instance, China Three Gorges South Asia Investment Ltd., donated 900 million Yuan for education and culture-related

welfare activities. The Lahore Rail Transit Orange Line project played a vital role in assisting people during the 2022 flood by providing free emergency supplies and equipment.

- d. The New Gwadar International Airport has also contributed to the improvement of the learning environment by donating drinking water facilities, school supplies, desks, etc., to Darabela School. Similarly, the Zonery 900MW project donated solar panels to schools to meet their energy needs, ensuring the provision of quality education.



- e. The Matiari-Lahore HVDC Transmission Project actively participated in community support during the 2021 pandemic, donating 20,000kg of flour and 20,000kg rice to local families. Moreover, the project contributed by donating 50,000 medical masks and protective clothing to military and local governments.
- f. Furthermore, initiatives like the Gwadar Goat Employment Drive and Women Development Programs have been launched to generate employment opportunities and empower women by providing essential facilities. These efforts reflect a collective commitment to the well-being and development of communities in Pakistan.



### **Trainings of Skilled Workers in Pakistan:**

APCEA has organized numerous training programs aimed at enhancing the skills and productivity of employees involved in CPEC projects. A substantial number of participants from both China and Pakistan have benefitted from these training initiatives, significantly improving their skill sets. The training programs include:

- a. **Bank of China** conducted 174 training sessions on financial knowledge, language, and culture to focus on the training of international talent.
- b. **Chinese Language Classes at Thar Block-II Coal Mines Project** launched to provide local management with knowledge about Chinese language, culture and arts.
- c. **Wuhan Qingfa Seed Company** organized activities for local farmers and technicians to enhance their skills to improve productivity of crops.
- d. **Zonergy** collaborated with a local college to provide employment, resulting in 3000 jobs for locals.
- e. **CPHGC** sponsored 30 students for technical training in China in 2016, with 27 of them graciously accepting job offers after completing the training.
- f. **The Duddar Lead-Zinc Mine Project** provided direct employment to 1000 people and created indirect job opportunities for 3000 people through their 'Master and Apprentice' training programs.
- g. **Gwadar Vocational and Technical School** built with the aid of the Chinese government in 2022 to offer computer, mechanical, and foreign trade-related training to locals.



These training centers, along with numerous others, are currently playing a crucial role in providing professional training to employees, contributing to their development and the success of CPEC projects.

### **A Road to Prosperity:**

The China-Pakistan Economic Corridor (CPEC) has now progressed into its second phase of implementation. The initial phase focused on establishing the foundational infrastructure for roads and highways to enhance land connectivity, and this has been successfully completed. The subsequent stage places a significant emphasis on the completion of Special Economic Zones (SEZs) in the coming years. It becomes essential to thoroughly examine these SEZs that are being developed under the CPEC framework. These SEZs are envisioned to serve as economic hubs that can genuinely stimulate economic growth in Pakistan.

### **Gwadar Free Zone:**

Situated in close proximity to the Gwadar port and spanning an area of 923 hectares, the enterprises within this park benefit from a range of incentives, including a 23-year tax exemption and a 99-year lease. Leveraging its strategic location, port connectivity, and top-notch services, the park has evolved into a comprehensive modern free zone. It serves as a model zone for China-Pakistan capacity cooperation, functioning as a catalyst for regional



economic development by seamlessly integrating industrial, manufacturing, logistics, tourism, culture, and education.

### **Rashakai Special Economic Zone (RSEZ):**

RSEZ, identified as a flagship project for industrial cooperation under CPEC and designated as the prioritized special economic zone by the China-Pakistan Joint Cooperation Committee, is hailed as a paradigm for production capacity collaboration within CPEC. The implementation of RSEZ is envisioned in three phases, encompassing a diverse range of industries such as metal smelting and processing, automobile manufacturing, textiles and garments, household building materials, food processing, and more.



### **Haier Industrial Park:**

Situated in the Haier Industrial Park, Lahore, Haier's manufacturing facility spans 650,000 square meters, with a built-up area of 350,000 square meters hosting diverse production lines for refrigerators, freezers, air conditioners, washing machines, TVs, microwave ovens, and more. This industrial park serves as a significant employment hub, generating job opportunities for both skilled and professional workers, contributing to economic growth and development of Pakistan.



### **Challenge Fashion Textile Cluster Project:**

Challenge stands as the sole textile investment in Pakistan, specializing in export-oriented garment manufacturing with a strong emphasis on high-value addition. The company consistently attracts considerable attention from leaders in both China and Pakistan. Notably, Challenge has earned a place on the list of top 100 exporters for the fiscal year 2022, underscoring its significant contributions to the export sector.

### **OPPO Established the First Manufacturing Plant:**

Founded in 2004, OPPO, a global leader in innovation and smart device manufacturing, entered the Pakistani market in 2014. With a network comprising over 5,000 retail and sales partners along with 17 service centers, OPPO has successfully introduced the allure of technology to the people of Pakistan. In 2021, OPPO took a significant step by inaugurating its inaugural manufacturing plant in Lahore, marking the commencement of local production activities.

### **Vivo Pakistan Mobile Manufacturing Factory Project:**

In the year 2021, Vivo initiated local production in Pakistan through the establishment of a manufacturing unit in Faisalabad, spanning an area of 4 acres. This venture attracted foreign investment totalling \$15 million and created additional employment opportunities for over 1100 individuals.

**The Chinese Chilli Contract Farming Project:** The objective of this farming project is to bring innovation to chilli cultivation in Pakistan, aiming to enhance yields and promote sustainable development. This initiative not only fosters



progress in the agricultural sector of Pakistan but also plays a crucial role in boosting the country's economic growth by contributing to foreign exchange earnings through agricultural exports.

### **Conclusion:**

Over the last decade, CPEC has been instrumental in bolstering the regional and global positions of both China and Pakistan. This has been achieved through the establishment of new trade routes, the promotion of various development projects, and the establishment of Special Economic Zones, all contributing to the enhancement of regional connectivity. The enduring alliance between China and Pakistan, embodied by the China-Pakistan Economic Corridor (CPEC) under the Belt and Road Initiative (BRI), is a robust testament to their unwavering strategic bond over the past 72 years. CPEC, serving as a transformative vision, has played a crucial role in Pakistan's development, with Gwadar port at its core, positioning the country as a regional connectivity hub. The substantial \$26 billion direct investments in CPEC have significantly bolstered Pakistan's socio-economic growth, focusing on critical areas such as energy, education, and infrastructure. Beyond physical infrastructure, BRI and CPEC emphasize the significance of people-to-people connections, fostering educational and cultural exchanges, exemplified by the thousands of Pakistani students studying in China. CPEC, as a symbol of collaboration and inclusivity, extends beyond building structures, aiming to narrow development gaps, especially in remote areas. This enduring strategic cooperation, navigating through global changes, offers a noteworthy model for long-term international partnerships.