



RESEARCH PAPER

Challenges and Prospects of Pak-China Economic Corridor

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PAPER INFO	ABSTRACT
<p>Received: July 11, 2021</p> <p>Accepted: October 30, 2021</p> <p>Online: November 02, 2021</p> <p>Keywords: Challenges, China, CPEC, Domestic Limitations Economic Growth, Pakistan, Western and Regional Concerns</p> <p>*Corresponding Author: mudabbir.malik@ gmail.com</p>	<p>Pak-China has historic relationships from the emergence of both states, and were proved long-lasting in every thick and thin times. In initial times they supported each other in foreign policies and regional issues. Pakistan and China have border disputes with India, which forced them to come close to counter India, later on the economic interests strengthened these relations. In order to maximize the economic benefits, China announced economic corridor with the name China Pakistan Economic Corridor (CPEC). It was thought it will boost the economic growth of China, and as a prime partner Pakistan will also get economic benefits. In order to completely understand how Pakistan and China came on the same page and decided to put CPEC into reality we have to understand the Geo-political Importance of Pakistan, Strategic and economic importance of CPEC for China and Pakistan, Influence and concerns of West and neighboring countries including India. Domestic limitations and all the possible benefits and risks involved in this project for both Pakistan and China, this research acknowledges all these questions.</p>

Introduction

When we look at the history of China it is quite evident that its progress boosted since 90's. It has uplifted its Infrastructure, it has one of a kind efficient Transport and Telecommunication system, minimum to none influence of interest groups on government policies. It's Foreign and Domestic investments are balanced, it has stable growth rate which is above 10% since 90's. On the other hand Pakistan is a developing Nation going through its rough path to development and Pakistan-China relationships were quite vague till 70's and 80's because Pakistan was in an exclusive relationship with west for Commerce. Now the big questions are "What lead to CPEC? Why Pakistan is important for China? Is it mutually beneficial for both Pakistan and China? What possible Regional and Global concerns, Possibilities, Risks, and challenges are awaiting on this road of tremendous opportunities for both Nations" this article answers all these questions. Geo-Political importance of Pakistan is undeniable even the late Chou En-Lai gave Pakistan status of "Bridge" vital for China's national security and now because of CPEC China will have land access to Indian Ocean that will boost its economic drive and it can over power its biggest

competitors. This article also highlights recent projects of CPEC and its effects and how this Political-Economic relationship is a game changer both Nations i-e for China major benefits are one belt one road initiative, Silk road economic belt, gas and oil pipelines, access to Indian Ocean, reduction of distance and cost to reach Gwadar, reduced natural or man induced calamities, Similarly for Pakistan it will bring huge investment , solution for economic stagnation, energy crisis, poor infrastructure, revival of existing industries and agriculture, establishment of economic zones and many more perks.

But with perks comes challenges and if both countries are ready for their share in risks and challenges especially from neighboring countries “India, Afghanistan, Iran and Iraq” or how they will compete with West in a long run, and how they will cope with domestic constraints “which are countless but controllable” and if CPEC and all its projects get implemented as planned it can be positively be stated that it will turn tables of both countries for good.

China’s economic drive or we can safely term it as a takeoff during the decade of 90’s appears to be the main edifice of CPEC, as the dramatic change in the Beijing skyline symbolized the pulsating beat that China was to experience in its sustained economic uplift during the decade. The six lane express way whisking people into the city from airport in less than 20 minutes, the high rises of not less than 20 stories in the center of city, all pointed out a strong dynamism in the air that was likely to envelop the country in times to come. Despite of the replacement of bicycles with vehicles the bicycle was not forgotten as the primary means of transport. The standard issues trucks buses and a few cars gradually saw Mercedes, Audi, Toyota, Volkswagen, Jeep Cherokees etc. all with an efficient system of traffic.

China since the decade of 90, has been maintaining a growth rate of 10 percent plus which is visible in the new five stars hotel, new shopping centers, good telecommunication facilities, designer shops, excellent public transportation system etc. The commitment and a great method of planning of the Chinese leaders enabled the China’s miracle bull run because they have capacity to take tough but pragmatic decisions and the courage to implement them as well. No fait hearts, no special interest groups at play are there to frustrate government policies. The government went through massive dismantling of the state bureaucracy and state enterprises, which put millions and millions of people in their middle ages out of work and out of housing, transport, medical and other facilities they were taking, But with viable plan to face this massive unemployment the Chinese leaders planned to re-educate and re-adjust millions in the private sector, which brought about a

soft landing for booming economic high growth rate and low inflation. This employment plan was centered around more direct foreign investment but with an equal emphasis on domestic investment.

The Chinese saw their own markets as a tremendous opportunities for manufacturing and services, giving as much relevance to the domestic markets as to exports. Very alarming there was no mention of Pakistan in the business participation with China as Pakistan was not enjoying the same preeminent position it once had prior to this economic take off of China. By turning exclusively to the west for commerce in the 70's and 80's instead of tying up long-term arrangements with the Chinese Pakistan lost a golden opportunity to be closely associated with the Chinese economic miracle. Nevertheless the new Chinese leadership did not show any inclination to give up in Pakistan probably they still looked at Pakistan as the "bridge" a status given to it by late Chou En- Lai, which views relationship with Pakistan as vital to China's national security. Therefore Pakistan was in need of an unambiguous economic initiative to cement such a relationship and this finally materialized in the form of CPEC.

CPEC like all the other historical events has its roots in the history and goes back to the days when British were the rulers of this part of the world called subcontinent. Infect geopolitical factor stands as the major reason behind CPEC because no matter what kind of re alignments of forces take place in the region Pakistan continues to enjoy a special status and a pivotal role in China's economic drive.

The political geography of South Asia was shaped in the late ninetieth century and early twentieth century by the British in India. The British insecurities regarding its frontiers in Asia involving great empires of Russia and France resulted in an elaborate boundary system separating their colonial spheres. The major principle underlying the Asian frontier system was recognition of the desirability of avoiding direct contact between the administered territories of the various colonial empires by imposing buffer zones between them. The Wakhan strip was hence deliberately included in Afghanistan as to prevent British and Russian empires from sharing a common border. China being internally weak the British feared that she would succumb to Tsarist pressure and provide a foot hold to Russia in the Himalayas.

Thus applying the buffer zone policy Tibet was placed as a buffer territory between British India and China despite of the fact that it was under the suzerainty of China. This

arrangement was worked out in Simla Convention in the year 1914 which laid down McMahon Line as the boundary between India and Tibet but as soon as the Russian expansion into Sinkiang receded the British lost interest in the agreement and did not get it ratified formally by China. This is the time to come gave China a reason to have a strong pit lord in the Himalayas by challenging the validity of McMahon Line and claiming Tibet as part of China.

Therefore the geopolitical shape that later materialized placed China in a unique position of sharing a common border with India, Pakistan, Afghanistan and as well as with Soviet Union. In such a scenario Pakistan became a strong strategically Vital State for China especially in the context of China's disputes with Soviet Union and India as its major concern is to prevent Russians from isolating her on the main land, which was being religiously followed by the kremlin by creating sympathetic anti-Chinese block along China's perimeter and by having powerful military presence in Indian Ocean. So Pakistan's Cooperation is very Vital in both respects, it can provide Shore bases to Soviet Union in the Indian Ocean giving added advantage to supply food, stores and fuel to its naval units as well as a land access to Indian Ocean. Being already linked with Afghanistan through excellent network of roads, willingness by Pakistan to grant transit facilities to Soviet Union can fulfill its age old desire to reach warm water ports in the South. Pakistan however has successfully denied land communications to Russian's keeping itself aloof from the Soviet proposed project for transit arrangements with India and Afghanistan. This prevents Moscow from consolidator its influence over New Delhi and expanding its network of security arrangements directed primarily against China. Also that since Pakistan shares a common border with China, it remains a missing link in Russian "Corden Sanitaire" along China's Southern frontiers and it's only by bringing Pakistan under her influence that Soviet Union can out frank the Chinese.

On the other hand by neutralizing Soviet pressure China hopes to build up Pakistan as the vital wedge between Soviet Union and India preventing them from joining hands across the Asian Land mass and erecting a formidable geopolitical barrier to her south. Pakistan controlled Kashmir provides Beijing with the only Land bridge to South Asia and Indian Ocean. With an objective of building its naval power in the region China constructed strategic roads along the Southern edge of the Tibetan Plateau like the one which crosses Sino Pakistan border linking Sinkiang with Gilgit in Azad Kashmir and the Karakorum Highway.

These geopolitical factor and the emerging patterns of alignments have always been affected by the vested interests and presence of outside powers especially those with "Oceanic Interests" like US and those with "Continental interests" like USSR and of course

China, and have been changing with the changing global politics over the years India Pakistan antagonism being one major factor. The death of two architects of Chinese foreign policy namely Chairman Mao Tse- Tung and Premier Cheri En-Lei followed by power struggle between moderates and the hard liners and has resulted in the emergence of “moderate faction” in Chinese politics and foreign policy as well.

Sino-Soviet rapprochement, normalization of relations with India and stressing on the economic bias of foreign policy thus resulted because of these developments in China tilting the power balance in the region in China’s favor. But despite of all these developments and presence of some irritants in the mutual, Sino-Pak relationship, China has been more than careful not to antagonize Pakistan in any way. Displaying a broad understanding towards Pakistan China’s South Asian Policy conceives Sino-Pakistan axis as the most viable and the only way out to any Indian- Russian equation in the region. Pakistan therefore continuous to enjoy and occupy a key position for China in South Asia. Starting from settlement of frontier disputes by a border Pact Signed in March 1963,(Hassan & Qureshi, 1966) Sino-Pak relation have gradually developed to touch the Peaks of Himalayas and economy has been a focal aspect of these relations and the recent project of CPEC symbolize this aspect to the maximum.

Following are some of the highlighting.

- Border Pact 1963.
- Abandoning of China’s neutrality on Kashmir Dispute to endorse Pakistan’s demand for right of self-determination for Kashmir’s.
- Pakistan’s negation of the “Two China Theory”.
- Military aid to Pakistan by China during 1966 to 1974 which roughly matched the \$1500 million received from US during 1954 to 1965 (Wriggins, 1973).
- Severe criticism of Soviet policy towards subcontinent.
- China’s offer of Coal for Cotton, enabling Pakistan to export 97.2 million rupees worth of cotton and jute to China for Coal under the barter agreement of 1952 (Javaid & Jahangir, 2015).
- Trade agreement of 1963 between China and Pakistan giving Most Favored Nation status to each other (Irshad, Xin & Arshad, 2018).
- Establishment of Joint Commission for Economy, Trade and Technology in October 1982 (Ali, 2020).
- Musharraf’s initiative for economic cooperation between the two countries leading to signing of Six agreement worth US \$ 1 Billion during Chinese PM Zhu Rongji’s visit to Pakistan in May 2001 (Ali, 2020).

- Signing of Early Harvest Program in 2005 through which China reduced tariffs on 767 items and Pakistan on 464 items (Kumar, 2006).
- Treaty of Friendship Cooperation and Good Neighboring Relations (Ali, 2020).
- Signing of Free Trade Agreement along with a Joint five year development Program on Economic and Trade Cooperation in November 2006. (Irshad, Xin & Arshad, 2018)
- Currency Swap Agreement between State Bank of Pakistan and People's Bank of China enabling the two countries to trade directly in mutual currencies instead of US dollar (Siddique, 2014).
- China's initiatives regarding Gwadar Port (Hussain, 2016).
- Sino- American rapprochement during 70's through the auspices of Pakistan.

Coming to the latest and the most important development in Sino-Pak relations which has very rightly being termed as a “ game changer” i.e CPEC, is important not only for China and Pakistan but for the entire region as well. For China CPEC brings a guarantee of its energy security,(Bhattacharjee, 2015) a way out to reduce poverty of its western regions, stabilizing of its companies for higher profits, economic growth and an easy, efficient, dependable route for transportation of its energy resources (Johnson, 2016).

Whereas it gives a unique opportunity to address its physical difficulties and increase value of life of its persons. Same goes for its losses of up to 2 percent of GDP (Aziz & Ahmad, 2015) annually due to power short fall, and of about 4 to 6 percent of GDP annually for poor, inefficient transport sector (Aziz & Ahmad, 2015). This is evident from the huge investment of \$ 46 billion in energy and infrastructure projects an amount that equals combined gross foreign direct investment into Pakistan Since 1970 (Nazir,2016). The Province of Balochistan in particular is likely to benefit the maximum from this project as it will become a hub of economic activity with the development of Gwadar Port. Nonetheless such a huge project has a lot more significance and is more than likely to face immense amount of challenges that might affect its completion and implementation. Following is a brief mention of some of them.

Significance of CPEC

CPEC is a brain child of Chinese President Xi Jinping's foreign policy whose One Belt One Road initiative finally culminated to this mega project in 2015 envisioning to foster a new kind of global relationship (Akber, 2015). Basically featuring an infrastructural development along with gas and oil pipelines its scope goes beyond the boundaries of Asia to Africa and Europe as well. The earlier such initiatives of China by building Silk Road Economic Belt and 21st Century Maritime Silk Road being two segments of CPEC provide Pakistan an opportunity to act as a link for both of these routes (Markey & West, 2016). Hence CPEC is seen as a revival of the Silk Road with a vision to achieve economic integration and ultimately regional stability (Irshad, Xin & Arshad, 2018). Therefore this project has immense strategic and economic importance for both China and Pakistan and will add a new chapter in their political and economic relationship.

The most vital significance of CPEC for China is that it provides an easy hassle free access to the Indian Ocean Middle East and Africa through Gwadar Port (Ali, 2020). Reduction in maritime distance from 12000 km between Beijing and Persian Gulf to just 3000 km land route from Kashgar to Gwadar it would also be very cost effective for China (Ali, 2020) enabling it to not only get its important lesser time (Hussain, 2016) and reduce the transportation cost as well. The port of Gwadar in particular will enable China to secure supply of its energy as world's largest importer of oil because Gwadar lies very close to start of Hormuz through which one third of world's oil is traded (Bhattacharjee, 2015). It will also reduce the risks of bad weather, pirates and "dilemma of Malacca" (Markey & West, 2016). CPEC will give China an opportunity to materialize its "Look West Policy", envisaging development of its wider western lands like Xinjiang as Gwadar is the closest Sea Port to this land locked region (Ritzinger, 2015) and its development to will lead to enhanced economic activity thus alleviating socio economic disparity in the region (Bhattacharjee, 2015). By opening its western region having a healthy Muslim population and connecting it economically a culturally to its Muslim neighboring states including Pakistan, China intends to manage its domestic goods in the western region (Burki & Chowdhury, 2011). CPEC will be a great booster to China's reliability as a progress companion and non-interfering friend to its neighbors and other developing countries, (Ramay, 2016) and also enable Chinese private sector and factory owner to entree the globe's fastest rising markets (Irshad, Xin & Arshad, 2018).

CPEC which is being termed as a game changer in Pakistan can be instruments for it as regards a way out of the current economic stagnation, because the huge

investment of US \$46 billion it carries with it can infect provide a solution to its major obstacles in economic growth i.e. energy crises, poor communication infrastructure and negligible foreign investment (Esteban, 2016). Establishment of new power plants through CPEC will on the one hand revive the existing industry especially textile along with the agricultural activity, (Esteban, 2016) and on the other would also check the shortfall in the energy sector and fast growing unemployment which is a major source of loss in GDP.

Poor performance of transport sector causes a loss of about 4 to 6 percent of GDP annually (Nazir, 2016) a situation which will amply be checked and bettered by around US \$12 billion investment for infrastructure, transport and communication under CPEC, which will definitely lead to better connectivity.(Ali, 2020) Establishment of Special Economic Zones along the planned routes of CPEC is yet another huge benefit for Pakistan, catering for manufactured goods, agriculture as well as services sector, these zones would resolve the issues related to rapid urbanization in Pakistan. These zones aim at utilizing local raw material and labor force to produce area specific products (Nazir, 2016) as well as such export oriented products which have international competitive value. This would not only reduce the trade deficit but also enable Pakistan to integrate and explore its domestic market with the neighboring landlocked markets through exports (Nazir, 2016).

The areas of Balochistan, KPK, Gilgit Baltistan in Pakistan stand back word because of their remoteness, and therefore these areas are expected to benefit the most from the project of CPEC. Mining industry swift disposal of perishable quality fruits, reduction in transport cost and time and tourism are the sectors which are likely to be boosted in these areas.

Significance of Pakistan

The proposed Chinese investment through CPEC more than doubles all the foreign direct investment in Pakistan since 2008 and therefore it is more than likely to improve Pakistan's economic commercial and geostrategic environment (Markey and West, 2016). The figures Pakistan Economic Survey showing increase in growth rate of 6.8 percent compared to 3.62 percent in 2014-2015, is supportive and encouraging (Nazir, 2016). CPEC is also expected to exploit the viable geostrategic location of Pakistan being located at crossroads of oil rich Middle East States of Central Asia Republics and China (Ali, 2020). Through the Gwadar Port Pakistan can become an

economic hub in the region, which in fact will act as a gate way to Central and South Asian Countries for marine transport, trade and investment (Lim, 2019). CPEC will facilitate regional integration existing through the quadrilateral transit trade agreement between Central Asian States and China since it provides shortest access to them as compared to Iran and Turkey it will also enable them to carriage their things and power assets to regional and global markets much easily (Ali, 2016).

Despite of the fact that CPEC is a mega project aiming at Socio Economic development its strategic dynamics make it conducive to potential internal, external and domestic threats. China and Pakistan the key players of the project have been enjoying cordial relations over time which have been a matter of concern for many a other countries of the region which have an overall global importance as well like India, Iran, Afghanistan and Russia. Therefore the achievement of the plan primarily rest on upon regional geopolitical problems as well as the internal security challenges and political impediments of Pakistan itself. The uncertain political environment in Afghanistan and the challenging interests of India and Iran and the concerns of US in particular can affect the outcomes of the project (Ritzinger, 2015). Following is an analysis of all such probable hindrance and challenges to CPEC an awareness and pacification of whom is a must if the project is bear fruits.

Concerns of India

Ever since the partition of the Subcontinent in 1947, India and Pakistan has been unable to establish even normal neighboring relations to the effect that any kind of an advantage to Pakistan is strongly resisted by India.(Hussain, 2016) India has shown deep concerns over the very route of CPEC especially the one pertaining or running through Gilgit Baltistan. Which in the vague of Kashmir issue is claimed by India as part of its territory (Bhattacharjee, 2015). According to Indian special envoy to the UN SD Muni, the project has nothing for India and it has been conceived at the cost of India's interests claim and political sensitivities (Debasish & Choudhury, 2013). India claims that through CPEC Pakistan intends to give constitutional states of Gilgit Baltistan having been declared as its fifth Province by Pakistan (AFP, 2016).

Therefore Indian leadership has not only termed the project as 'unacceptable' as it passes through Indian claimed territory as stated by Sushma Swaraj, (AFP, 2016) but its PM Modi even requested the Chinese President to abandon the plan (Abid and

Ashfaq, 2015). Even the working of Chinese firms in different development projects of CPEC especially in the areas of what Indian term Pakistan occupied Kashmir is seen as Chinese support to Pakistan's claim on Kashmir, (Mahajan, 2015) and what really concerns India is that the project will give legitimacy to Pakistan illegal occupation of Kashmir (Lim, 2019). Also that the belonging the Chinese personnel working in these projects to engineering corps of People's Liberation Army is seen as a viable threat to India's security interests and part of China's expansionist agenda (Chansoria, 2015).

Chinese huge investment in South Asian region through CPEC is yet another irritant for India which according to India could lead to territorial frictions and regional stability issues (Nazir, 2016). Chinese interests and operational occupation of Gwadar Port is seen as part of its long term strategy to secure presence in Indian Ocean one thing which will contain Indian influence in the region for sure and also give increased leverage to Pakistan (Bhattacharjee, 2015). Indian along with US have strong apprehensions that the Gwadar Port would be used as a major Naval base by China besides economic activity which is quite evident from the growing Sino-Pakistan security cooperation and Chinese assurance of supply of eight Submarines and approx. US \$ 5 billion in military hardware to Pakistan (Detsch, 2015). India apprehends that it will adversely affect the maritime balance of power in the Indian Ocean and looks this relationship as a challenge to its overall hegemony in the region (Barber, 2014). Also that it may disrupt the Indo US strategic cooperation as well (Nazir, 2016). If at all India opts the support to the project it would adversely affect its Sovereignty because China is very skeptical about Arunachal Pradesh, Aksai Chin and all such disputed regions to which China lays a claim (Bhattacharjee, 2015).

With all such apprehension India has instead enhanced its efforts to spread its personal scope of impact in the region by investing in Iran's Port of Chabahar (Fazil, 2016) with plans to build a North-South Corridor through Iran and Afghanistan. This Corridor will give direct access to Afghanistan and Central Asian States as the request for transit trade to India was denied by Pakistan raised at the platform of SAARC (Mahajan, 2015). Through some soft investments in Afghanistan, India is trying to develop close security and economic ties with Afghanistan especially to build a 220 km long road connecting Afghanistan's Nimruz Province with Chabahar (Nazir, 2016).

On the other hand Pakistan strongly believes that India is trying to destabilize Pakistan and disrupt CPEC through many an anti-state activities in different regions of Pakistan by increasing financial and military support to anti-state demands like Baloch

insurgents and other terrorist groups in Balochistan Province and Karachi (Esteban, 2016). The arrest of Kulbhushan Yadhav, in 2016, (Nazir, 2016) surrender of Ehsan Ullah Ehsan former spokesman of Tehrik-i-Taliban and Jamaat- ul-Ahrar and their confession regarding Indian involvement to disrupt CPEC through terrorist activities in Pakistan is quite an enough evidence to support Pakistan's claim. It is pertinent to maintain here that China has forthrightly rejected all such baseless claims and apprehensions of India regarding CPEC, as China claims its regional policy for developed being based on the concept of mutual benefit for all (Ze, 2014). As per one Chinese analyst this strategy is guided by the concept of "Three Nos" i.e noninterference in internal affairs of Nations, no influence what so ever over any state or region and desire for hegemony or dominance (Wolf, 2016).

➤ **Afghanistan Challenges and Concerns**

Afghanistan has become a very unstable state with deteriorating rather worsening law and order situation, and security with every passing moment after the withdrawal of majority of International Security Assistance Force under NATO in the year 2016 (Ali, 2020). With the refusal of Taliban's to carry on the dialogues at Quadrilateral Coordination Groups forum after the death of its leader Mullah Mansoor in a drone attack by US in May 2016 (Aljazeera News Agency, 2016). Both China and Pakistan therefore have to face the spillover effect of instability that results because of such a deadlock (Ali, 2020). The Northern Alliance being a dominant party in the Afghan National unity government under the influence of India is a constant irritant as regards the efforts of Pakistan towards peace in Afghanistan (Hussain, 2016). The National Directorate of Security of Afghanistan in collaboration with Raw is hyperactive to carry out terrorist activities in Pakistan especially in the Province of Balochistan with the sole objective of sabotaging CPEC (Khan, 2016).

As regards the border security the borders of both Pakistan and China with Afghanistan have sanctuaries of global terrorist groups in the Afghan Provinces of Kunar , Nuristan with Pakistan and Uighur militants of China in Xinjiang Province of China. The groups include TTP, Al Qaeda, ISIS, The East Turkestan Islamic Movement (ETIM) (Abid & Ashfaq, 2015). The main aim of all these groups is to destabilize Chinese government in its Western region and target its interests outside China especially as regards CPEC. Presence of such terrorist groups on the borders and their links with Taliban in Pakistan is therefore a permanent potential threat to CPEC project as they are

ready to go to any limit to dent Chinese interests in the region in particular and the project in general (Ritzinger, 2015).

Hence over the years many an efforts have been put in both by Pakistan and China to pacify the situation. China has been very active participant at quadrilateral forum, participated in Afghan government-Taliban talks held in Murree in 2015,(Wong & Mashalmy, 2015) hosted Fourth Ministerial Conference of the Heart of Asia-Istanbul process in Beijing in October 2014 to find out a peace and stability in Afghanistan,(Esteban, 2016) and is also trying to resolve the tension between Pakistan and Afghanistan so as to mutually reap the benefits of CPEC (Hussain, 2016). Nevertheless Pakistan's plan of fencing border along Afghan border along the provinces of Nangarhar and Hunar and its execution appears to be quite a practical step in this regard as it will put a full stop on illegal border violations i.e crossing over by militants (Hincks, 2017).

Iran Challenges and Concerns

For Iran the only bug that CPEC carries is its rivalry with Chabahar Project which infect was launched after the development of Gwadar Port as a trilateral agreement India, Iran and Afghanistan giving an alternative route by passing Pakistan in order to carry on regional trade and have an access to the countries of Central Asia (Agencies, 2016). Nevertheless being fully aware of the enormous potential for cooperation which CPEC offers Iran has shown its interest to be a part of the project ever since the lifting of sanctions against her as a result of US-Iran nuclear deal. This desire was formally expressed by the Iranian President during his meeting with Pakistan's Prime Minister in September 2016 (Abbas, 2016).

Over the past few years the improvement in Pakistan-Iran relations have not only brought some bright projects for CPEC itself e.g. Iran-Pakistan gas pipeline project and its extension to China as well, but has brought China and Iran close for cooperation. Iran's joining for CPEC would enable both China and Pakistan to enhance road and railway links for better expansion of the project and economic integration (Nazir, 2016). Saudi-Iranian animosity is nevertheless a very viable threat to this Iran-Pakistan rapprochement and Pakistan is in need to exhibit a special balancing act to keep in hand both of its age old friends for mutual benefits and for keeping the prospects of Iran's joining the CPEC alive.

USA Challenges and Concerns

Quite contrary to the expectations US has termed CPEC as an encouraging sign with the hopes that it would not only be China and Pakistan i.e it would include countries of the region especially Afghanistan. The common objectives of America and China in Afghanistan is also one of the reason behind American support of the project (Malik, 2015). Also that the fear that Russia might not regain its former Central Asian States in post NATO scenario also makes US to support all such Chinese initiatives (Khalil & Perveen, 2015).

However the operational control of Gwadar by China is a matter of grave concern for the US as it is seen as a potential threat to US interests and supremacy in the Indian Oceans (Markey & West, 2016). To counter such a threat US over the years has been taking initiatives for regional integration of Afghanistan aiming at its economic growth (Zimmerman, 2015) as well as developing strategic ties with India aiming at enhancing its naval power (Hussain, 2016).

Domestic Constraints

Lack of political consensus and the overall security situation in Pakistan has been a matter of concern for not only many a successive governments in Pakistan but for all such powers which have their vested interests in Pakistan. The same goes for the mega project of CPEC as well and these two handicaps / challenges are very much likely to hinder the implementation of the project if not handled appropriately. The internal security of Pakistan has been in the doldrums for quite some time mainly because of religious extremism / radicalism in the shape of Taliban militants playing havoc in tribal areas, KPK, sectarianism as well as ethno-political violence especially in the main cities of Karachi and Quetta ; nationalist insurgency in Balochistan fueled by anti-state elements and overall laws and order being marred by acts violence (Markey & West, 2016).

The western route of CPEC that runs through Balochistan is especially very vulnerable to attacks of both external as well as local terrorist. The local terrorist groups include TTP, JuA , Lashkar-e-Jhangvi (LeJ) the Balochistan Liberation Army (BLA) and the Balochistan Liberation Front (BLF), as well as militant groups affiliated with some political parties. All of the said can potentially target Chinese interests with the sole objective to malign the state of Pakistan (Markey and West, 2016).

Baloch insurgency has always been a real threat to any kind of development in the province of Balochistan, and can hinder the execution of CPEC in a real sense. Packed with feelings of political and economic deprivation, the Baloch insurgents take even CPEC as an act of subjugation to exploit the resources of the region (Wolf, 2016). Also that they consider development of Gwadar Port as a tool to disturb the demographic balance of the province as it is going to attract quite a lot of outsiders. Hence they not only strongly oppose the project but carry out insurgencies like attacks on Chinese nationals (Markey & West, 2016), blowing down gas pipelines and trains, (Abid & Ashfaq, 2015) killing the non-local laborers, (Shah, 2015) etc. Keeping in view the immense importance of CPEC and gravity of the security situation in Balochistan, the government of Pakistan has so far taken two initiatives which have proven more than successful i.e. Operation Zarb-e-Azb courtesy Pakistan Arm, (Wolf, 2016) and National Action Plan for political reconciliation (Jamal, 2015). Zarb-e-Azb aims at demolishing Sanctuaries and hide nits of the terrorist groups in the border areas of the country and reduce their operational capacity (Hussain, 2016).

The political reconciliation under National Action Plan aims at bringing voluntary laying down of arms by many a Baloch insurgent leaders in lieu of full amnesty by the state and rewards as well (Jamal, 2015). Last but not the least are the political dynamics of CPEC in the backdrop of the political polarization in Pakistan. The issues related to this aspects include objections on the selection of route i.e. Eastern instead of Western, allocation of funds related to CPEC (Markey & West, 2016) priority for political gains vs national interests as regards allocation of resources (Ali, 2016) lack of transparency and secrecy in assigning deals, (Nazir, 2016) no adequate representation of provinces in decision making and monopoly of Ministry of Planning and Development as regards the management of the project through CPEC Secretariat (Wolf, 2016).

Above in view varying dynamics of the region coupled with competing / conflicting interests of the different countries, suspicion and mistrust are a major hurdle in the way of one of the objective of CPEC i.e. regional integration which would only then lead to economic development. Despite of China and Pakistan's determination to make the project a success at all cost, there is a strong need to accommodate all the regional countries in order to achieve their motive.

Conclusion

Pakistan has a fragile economy, and the burden is growing on every passing day due to increasing debts, political instability and rapid growth in population. In this scenario China Pakistan economic project is a good initiative for the economic growth of Pakistan and it is expected that it will give a boost to GDP of Pakistan. But there are serious concerns over the competency of Pakistani institutions weather they are capable of handling these huge projects. The western world, USA and India also have concerns over CPEC and the region is destabilizing to create hurdles in this project. But despite of all these concerns all the variables are indicating a very optimistic analysis and it is presumed that this project will be proved game changer for China and Pakistan.

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