**CPEC Phase II: What the future holds?**

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China Pakistan Economic Corridor (CPEC) is the flagship pilot project of an extended Belt and Road Initiative (BRI) proposed by China.

CPEC is not an ordinary investment in Pakistan by China, rather it holds many significant political, economic, social, security and foreign policy related dimensions. It is divided into three phases, with the completion of the first phase, the second phase has begun and the third (final) phase is planned to end by 2030.

During the initial investment of US$ 46 billion in CPEC phase I, foundations were laid to commence projects belonging to areas such as energy and infrastructure. In this light, multiple power generating plants in different areas across Pakistan and a network of roads to boost interconnectivity as well as infrastructure development around Gwadar seaport was carried out. This created a boom of employment opportunities, treated the energy shortfall in the country, improved socio-economic indicators and created a conducive environment for further Foreign

Direct Investments (FDIs). Moreover, Phase I generated IT exports, kickstarted blue economy and created two Special Economic Zones (SEZs).

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CPEC was and has seen opposition from regional quarters, in particular India. The reason: CPEC has provided China with access to Indian Ocean. The corridor is also reflective of the new emerging realities, wherein, Pakistan is likely to emerge as a lead player in regional connectivity. These developments will tilt the regional balance of power more towards economic connectivity and trans-regionalism which ultimately will weaken India’s regional position. Moreover, globally, CPEC is often construed with the prism of China-US competition. This argument holds correct as the corridor is an alternate route for China, amidst the blockade of Malacca strait. Thereby, in order to obstruct China’s global outreach, efforts are being directed at negatively projecting China’s overseas investments.

The concept behind China’s debt trap is also a part of this propaganda campaign. Some Indian and Western circles have propagated CPEC negatively. The corridor is being equated as a debt trap for Pakistan. However, the negative propositions have failed miserably, amidst the China-Pakistan cooperation towards the early completion of CPEC. During the recent visit of Chinese Premier to Pakistan, a number of MoUs have been signed.

One MoU pertains to ML-1 railway project. Second one is to facilitate knowledge sharing between Pakistan and China. While, third and fourth ones’ are on export of dried chilies to China from Pakistan and workers exchange programme between the two countries.

CPEC Phase-II is 36 times larger in magnitude as compared to the previous phase. The focal areas to be developed in Phase-II include industry, trade and agriculture. In addition, tourism will be promoted.

Around 27 projects are designed to be executed as a part of Phase-II. Also, actions are dedicated to nurture rural revitalization, green energy, technological advancements and health-capacity building. A total of nine Special Economic Zones (SEZs) are to be established, seven provincial and two federal. SEZs are highly conducive for expedited industrial and trade activities. SEZs are also highly effective in enticing FDIs and creating a boom of employment opportunities.

Given the developments that transpired in Phase I and those that are designed as part of Phase-II, it is estimated that CPEC in its entirety can contribute in boosting Pakistan’s GDP by 6.4 percent. And as the World Bank’s report projects, CPEC Phase-II would improve social welfare development by 10.5 percent. Also, it is estimated that CPEC can lift around 1.1 million people out of extreme poverty and create around four million new jobs.

Focusing exclusively on CPEC Phase-II, given the plans designed and inked, Pakistan’s stature in transit trade would be increased dramatically. Also, under China Pakistan Free Trade Agreement (CPFTA II), agreed under CPEC Phase-II, trade liberalization would materialize and Pakistan would be at par with other ASEAN countries that export to China. All in all, CPEC Phase-II would provide impetus to extensive industrialization in the country and with the development of Gwadar Port and Free Trade Zone, Pakistan would emerge as a major player contributing to regional connectivity and economic integration in the region and beyond.

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