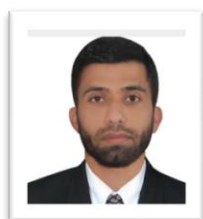
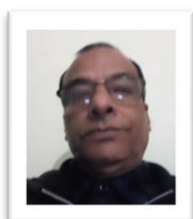


China Pakistan Economic Corridor (CPEC) and its Impact on India



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Abstract

From decades Pakistan has played a key role as a cornerstone of China's strategy from central Asia to South Asia. Its geo-strategic positions are crucial as it serves as a gateway to the Middle East, where China seeks access to the energy- rich Persian Gulf region. Sino-Pak relations are friendly and have emerged from last few decades to its peak. Both the countries have trade relations with each other through ancient silk route. This silk route has taken a new direction in the form of China Pakistan Economic Corridor (CPEC). It connects Asia, Africa and Europe through sea, air, road and railway for trade purposes. This research article is focused on the China –Pakistan relations and the special stress has been given to the currently going CPEC project and its recent developments. In addition to that the Impact of CPEC on India has been qualitatively discussed.

Keywords: China, Pakistan, India, China-Pak Economic Corridor (Cpec), Gwadar Port Project, Infrastructure, Cooperation, Profit Making.

Introduction

'A Friend in need is a friend in Deed' is a widely used quote which fully describes the Friendship of Pakistan and China. The economic relations between China and Pakistan are dated back more than few decades now, earlier they used to trade through Silk Road. Now both the countries have agreed to strengthen their relationship by introducing 'One Belt One Road' (OBOR) concept under which China Pakistan Economic Corridor project was launched. CPEC became the key door of the economic stability of Pakistan. China is to investment in Pakistan will help China to maintain the dominance in the world market. CPEC project is also paying way to attract foreign investment in Pakistan. The most important thing would be an inflow of investment in Pakistan from countries other than China

In recent years, economic corridors have been appeared as a significant tool of regional cooperation and growth in a globalised world. The China- Pakistan economic corridor is to strength trade and economic cooperation between two countries. Chinese premier Li Keqiang emphasised the construction of the CPEC during his may, 2013 visit to Pakistan. China's recent decision to invest \$46 Billion in economic corridor between china's western region and Pakistan's Gwadar sea port which will shorten China's route to Middle East countries for their oil imports has raised new concerns of China forming a pearl of string around India. China working on a strategy to encircle India by forming their naval bases in Arabian Sea and hence posing a serious threat by forming their naval base in Gwadar port and has ensured India of using it only for trade purposes. CPEC has made commitments to invest around \$ 46 billion in development deals, which is equivalent to roughly 20 percent of the Pakistan's annual GDP. But the precious crown stone for China is the development of Gwadar port and Gwadar region, which would provide Beijing a firm and trustworthy long term foot hold in the Arabian sea. The CPEC will have as a channel for the novel maritime silk route that would connect the billion of people in Asia, Africa, and Europe.

Objective of the Study

1. To study the CPEC and its strategic benefits for China and Pakistan
2. To study the impact of CPEC on India.

CPEC Significance for China

China Pakistan Economic Corridor is also going to give China a route to Middle East through Arabian Sea. The shipments which previously took 45 days will now take only 10 days to reach China. IT will save both the transportation cost and time. The route to Europe through Strait of

Malacca would now also be shortened by using the Gwadar port of Pakistan and will be beneficial widely.

Middle East is rich in crude oil and Most of the resources are located in Middle East, Most of the crude oil is exported to China from Middle East respectively, each journey is plagued with one of the world's supreme hazardous choke points. The Strait of Malacca, a new route was discovered by China which shortens its distance from 10000 nautical miles to 3000 miles, gives an advantage to China to reach out middle east countries and Africa and Europe, as it is dominant region of the world because of oil resources and huge markets. China is already reliant on the oil from these regions. Moreover, this corridor will also open routs for China's private sectors and businessman into world's fastest growing economy of Pakistan.

Significance for Pakistan

The CPEC agreement is not a short term venture. It's a long term plan, expected to be completed in 2030. But the short term projects of CPEC were planned to be completed by 2017, and most of them has been already completed. CPEC includes infrastructure and power development projects in Pakistan. The CPEC is extended from Chinese North-western region of Xinjiang to the Gwadar port of Pakistan. It will resolve the major issues of Pakistan that is the power shortage, which will help in running its Industries and will increase the Grass Domestic Product of the country, will create employment etc. CPEC will raise Foreign Direct Investment in Pakistan which will boost Pakistan's economy.

The Silk route now the CPEC is the way which can lead the economy of Pakistan to door of success. Hence it can be said that Pakistan should try its best to complete this project on time so that the benefits can be delivered both at macro and micro level.

CPEC is a collection of infrastructure projects that are currently under construction throughout Pakistan. A vast network of high ways and Railways are to be build under the CPEC that will span the length and breadth of Pakistan. Pakistan aims to achieve four very important strategic benefits from this project. First, a new and better infrastructure would be developed in the region that otherwise was backward in past. Second this project will create a huge employment opportunities. Third, Pakistan tactically held Kashmir and Gilgit-Baltistan. This dimension strengthens Pakistan's hold on the disputed land and gives a shield from Indian counter – strikes in response to cross-border terrorism. Fourth, the CPEC has provided a breakthrough in economic sector as it has solved Pakistan's financial dependence on US. China highlights that the CPEC is intended to strengthening economy of Pakistan and is solely and economic initiative aimed at giving regional prosperity and better connectivity. China's vision was to make Pakistan international hub for world. China provides four submarines to form a part of Pakistan's navy strength. China also builds a navy base in Gwadar. For Pakistan bolstering the Chinese naval presence by utilising its geopolitics position has been

a strategic motive for long time. The people of Gwadar has historically criticized Islamabad for exploiting the province for its rich resources while, at the same time, neglecting the local Bloch and Pakistan Pashtu people. CPEC will allow Pakistan to have a wall behind her back at any time of conflict situation and who knows it has the potential to be fully converted into a treaty to cover Pakistan with a cooperative security.

Impact on India

India was not at all happy with the launch of CPEC. To counter and ensure the balance to their economy they simultaneously proposed India-Afghanistan air corridor and the Chabahar port in Iran. India-Afghanistan air corridor is currently active and is believed to have imported as well as exported hundreds of goods worth millions of dollars. This initiative was taken to balance the growing impact of CPEC on Indian economy. As CPEC is going to connect China with European and other nations in a more cost effective manner so as a result of which cost will be less and eventually price going to be low so due to which there would more trade with China. The project will also lead to the expansion of the export product set. For instance, Pakistan's northern areas produce vegetables and fruits, such as apples, apricots and cherries. But due to a lack of good connectivity, most of this produce cannot be exported. The CPEC will link the northern areas to airports in Peshawar, Rawalpindi, and Lahore. This will give a boost to the export of agricultural commodities as most of these products are transported by air owing to their perishable nature.

CPEC is going to play a crucial role in future between the three countries and as far as India is concerned it will have some bad consequences on its relationship with Pakistan. The main consequence that would destroy their relations is the passage of this corridor through the area of Gilgit-Baltistan in northern Pakistan, which actually belongs to the area of Jammu and Kashmir and we all know this area have been claimed by both India and Pakistan. This was the main reason that India objected OBOR policy of China. So this was a troublesome for India as it does not want any kind of the development to be taken place in the disputed region. The other important point that will hurt India is the benefit that Pakistan can get through this CPEC project, which is the backing of Chinese Govt in the disputed case of Jammu and Kashmir at international forums. Success of CPEC will have drastic consequences on the India-Pakistan relationship. CPEC also have some remarkable consequences on already ripped relationship of India and China. As China is the main force behind the CPEC project and they will be more beneficial from this project.

Recently, Chinese troops marched in the parade of Islamabad. This was the first time when Chinese army paraded outside China. People's Liberation Army has also deployed at least 3000 soldiers under the local name in Pakistan. Pakistan naval officials have also accepted that Chinese naval ships would be deployed at Gwadar in cooperation

with the navy of Pakistan for the safeguard of port and trade of this corridor.

China Build Djibouti Naval base for protection of Gwadar port. China planned to build another naval base, which is only 72 km away from the Chabhar port in the Iranian region. Recently the PM of India Mr Narendra Modi announced to invest 500 Million US dollars on this (Chabhar) port. Chabhar port is at a distance of around 400 nautical miles away from Indian western border of Gujarat. Gwadar port was meant to be a commercial port between China and Pakistan, but the presence of Chinese warships in the area around the Gwadar coastal regions is a major security threat to the Indian-Iranian Chabhar port.

Conclusion

China and Pakistan are close friends because of their geographical, political and economic relations. CPEC is a game changer plan for both the countries. CPEC will benefit both the countries and will lead them to reach out the other countries of the world through these safe and shortest routes. Pakistan, in particular will have a very important strategic benefits from this project. First, a new and better infrastructure would be developed in the region that otherwise was backward in past. Second, this project will create a huge employment opportunities. Third, Pakistan tactically held Kashmir and Gilgit-Baltistan. This dimension strengthens Pakistan's hold on the disputed land and gives a shield from Indian counter –strikes in response to cross-border terrorism. Fourth, the CPEC has provided a breakthrough in economic sector as it has solved Pakistan's financial dependence on US.

On the other hand CPEC draw a lot of Impact on India. First and the very important concern for India is that CPEC runs through disputed territory of Jammu and Kashmir which India claims its integral part of land. Second, CPEC had provided entrance of Chinese troops in the disputed region which will always create a security threat to India. Third concern for India is the Pakistan's permission to Chinese govt to build their naval base in Arabian sea, This naval base will include eight submarines offered to Pakistan to strengthening the Pakistan's naval force in the region. It also draws negative impact on Indian exports and imports. To counter the CPEC, India tied up its economic relations with China and provided

financial support to Iran to build Chabhar port. India also extended their willingness to have trade relations with Afghanistan.

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