

# CPEC: A gateway between South Asia and East Asia

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Pak-China economic corridor is the most significant project as it would usher in a new era of economic progress and prosperity for both countries and would benefit this region as well as the whole world. Economic corridor offers bright future to Pakistan and China and investors of both countries should take advantage of this opportunity for make investment and start joint ventures.

Pakistan and China are not only the atomic powers of the world, but also they have good economic relations. China has invested in many projects in Pakistan, for the development of Pakistan. China always wants a strong and developed Pakistan. China-Pakistan Economic Corridor is the project of highways, railways and pipelines for the transportation of oil, gas and to continue many other trades. This corridor will prove itself as the economic gateway for China to the Middle East and Africa. Kashgar, China will be the starting point of the highway and its destination will be Gwadar, Pakistan. The route of this highway will pass through all the provinces of Pakistan, including AJK and Gilgit Baltistan. The total length of the highway is being estimated up to 3,000km and cost of \$45 billion is the initial estimated cost of this mega-project. This project is expected to be completed up to 2030.

This project is strategically very important and beneficial for the economies of both the countries. After its completion, China would have access to the Middle East and Africa, through the Gwadar Port of Pakistan. In exchange, China will start the development projects in Pakistan and will help Pakistan to get rid of the energy crisis. Hence, the economy of Pakistan will get established.

As 40% of the world's oil is extracted from the Gulf region and for its transportation, Persian Gulf is being used. So China wants to be the part of this trade, by using Gwadar Port. Beside this, China will look after the activities of India and America in the Indus Ocean .When the corridor is constructed, it will expand the number of trade routes between China, the Middle East and Africa. Energy security is a key concern for China, as it is the world's biggest oil importer, and oil pipelines through Pakistan would cut out ocean travel through Southeast Asia. "CPEC will connect economic agents along a defined geography. It will provide connection between economic nodes or hubs, centered on urban landscapes, in which large amount of economic resources and actors are concentrated. They link the supply and demand sides of markets.

The corridor will "serve as a driver for connectivity between South Asia and East Asia.It will play a crucial role in regional integration of the 'Greater South Asia', which includes China, Iran, Afghanistan, and stretches all the way to Myanmar. In order to make the CPEC operational, the Chinese government has set up a special economic zone in the historical city of Kashgar, the border city between China and Pakistan. The Chinese government plans to complete this economic zone by the year 2020, for which duration Pakistani industrialists have been offered a tax-free zone and other concessions. This economic zone will prove to be the key to trade between China, Pakistan, India, Afghanistan and eight other central Asian states bordering both China and Pakistan. A railroad network is being constructed to ensure swift trade via this link.

Pak-China Economic Corridor project will lift friendship to new heights as this project will have profound impact not only on Pakistan and China but entire region. Pakistan is a hub of business activities for South

Asia, Central Asia and China. The corridor project will impact lives of three billion people in Asia. China-Pakistan economic corridor projects envisage \$34 billion investment in energy sector and around \$11 billion in infrastructure sector. These projects offer immense opportunities to businesses in both countries and will give boost to Pakistan's economy.

If exploited properly, Pak-China Economic Corridor would greatly promote commerce and trade between these two countries. Indeed, the proposed economic and trade corridor speak of a long-term set of relationship between both countries. For the China, this corridor would become the shortest possible route for the overland transportation of its energy from the energy rich regions of West and Central Asia, through the Gwadar Port. The Gwadar Port developed by China will now be operated by it after developing the communication network, which would link the port with all major cities in the area. Besides, the Chinese energy transportation routes through sea are rapidly getting under threat by its regional and international rivals, along Malacca Strait and South China Sea. This overland corridor would be the best alternative for the Chinese energy transportation and economic uplift of its western under developed region.

To accelerate the project's construction, China and Pakistan will have to forge a traffic and transportation corridor between their adjacent cities, towns and ports, to facilitate and expedite the flow of personnel and goods. By taking advantage of their free trade agreement and their trade processing areas and border trade areas, the two countries can also push for the construction of a commercial trade corridor to promote the faster development of investment as well as the bilateral trade in goods and services.

The two countries will also promote their industrial co-operation along the frontier region. China can make use of the advantages enjoyed by its western regions to leverage the complementariness between the two economies to push forward bilateral co-operation in the industrial, agricultural, mining, financial, telecommunication and service sectors. The construction of the corridor will also help both countries strengthen co-operation in nuclear, solar and biomass energy. At the same time, an oil and gas pipeline project between the two countries can also be launched.

Taking a longer perspective, the corridor, after its completion, will become a kind of economic community that can link the Asian continent to the Indian Ocean, and thus its functions and influences will extend to adjacent East, South, Central and Western Asian regions. This will produce significant influences on the geo-economy and change the established economic and trade pattern in Asia, Africa and the Indian Ocean region.

**Source:** <http://www.brecorder.com/supplements/0:g/1231973:cpec:-a-gateway-between-south-asia-and-east-asia?date=2015-10-01>