

CPEC and the Region

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And the many powers interested in the project

New momentum has been built. The China-Pakistan Economic Corridor (CPEC) has been opening many closed avenues. It was rightly said that the Corridor would be a game-changer in the region. Now it has become absolutely true, a reality of the time.

The CPEC is fast becoming a multinational project and many countries have shown interest in joining it. The project is becoming crucial day by day between the two countries. Other global partners have been joining this multi-billion dollar project. It is beginning with an initial investment of US\$ 46 billion. The Chinese has been conveying to their Pakistani counterparts to ignore India's response toward the CPEC. And now, it seems, their strategy is working.

Three significant partners, Japanese-led Asian Development Bank (ADB), the British Department for International Development (DFID) and Iran, have joined the multi-billion dollars cooperative project. The Indian anti-CPEC propaganda has thus died.

The ADB has extended two tranches of US\$ 127 million and US\$ 200 million. The DFID has extended US\$ 121 million loan. These loans will be utilised for the Burhan-Havelian Expressway, an integral section of the route connecting Gwadar with Kashgar via road.

As the train link between Iran and Pakistan will be stretched all the way to Turkey, Iran will receive enormous benefits out of the CPEC connectivity. Iran will be a central point in the transportation business of goods up to Europe via Turkey.

This will help revive the Pakistan-Iran-Turkey regional connectivity conceived in 1964 but which could not be implemented effectively. The CPEC has also made a dent to revive the RCD (Regional Cooperation for Development) and its successor Economic Cooperation Organisation (ECO) included Pakistan, Iran, Turkey, Afghanistan, and the six Central Asia Republics.

As most of the sanctions were lifted from Iran following the nuclear deal with the West, imposed in the past three decades or so, the chances are much brighter for further cooperation and trade between the two countries, which has been just discussed in the meeting of the Joint Working Group of the two countries held recently in Islamabad. Both agreed on a five-year plan of regional cooperation under the CPEC.

China has offered US\$ 2.5 billion to complete the remaining part of the Iran-Pakistan Gas Pipeline (IP). The CPEC is an integral and indispensable physical connectivity. The trust deposited by global financial institutions injected a new confidence in the initiative taken by China and Pakistan in building the CPEC. The ADB's trust is the first step of Japan's indirect leaning toward the CPEC.

As trade and connectivity will increase between Pakistan and Iran, with a short span of time the existing Preferential Trade Agreement (PTA) will be converted into the Free Trade Agreement (FTA) between the

two countries. At the moment, bilateral trade between them is around US\$ 893 million, compared to the Sino-Pakistani trade of over US\$ 15 billion.

Chinese import of oil from Iran and its land-borne shipment to western China also significantly increased the Pakistani-Iranian trade too. In fact, the Pakistani-Iranian trade comprises significant commodities such as oil, gas pipeline, electricity transmission line, iron, steel, and textiles that have a great potential for expansion in future.

The trade in the power sector worth 1,000MW could give additional boost to both countries' bilateral trade. Pakistan can also import oil, iron, and steel from Iran. There are other avenues too. Economic sanctions on Iran also plummeted bilateral trade between the two nations. Now trade future looks brighter under the CPEC.

Recently, the Iranian Foreign Minister Dr Javad Zarif has expressed that Iran will never forget the support Pakistan extended to it "during difficult times". He casts off doubts that Iran was opposed to the upcoming CPEC or the development of Gwadar Port, insisting that Tehran "supports growth and development anywhere in Pakistan, particularly in areas adjacent to Iran".

He made it clear that Iran welcomed development in Balochistan and Sistan. This also means that Chabahar is not intended to undermine Gwadar Port. The lifting of economic sanctions on Iran and the CPEC has injected a fresh blood in the Pakistani-Iranian economic ties.

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