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Potential Impact of China's Belt and Road Initiative (BRI) on Pakistan's National Integration

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Abstract

China's Belt and Road Initiative (BRI) is a comprehensive strategy aimed at fostering socioeconomic progress and facilitating global regional integration. Within South Asia, the China-Pakistan Economic Corridor (CPEC) is a key component of BRI, with the potential to enhance regional integration and bolster national unity within Pakistan. However, the implementation of CPEC has led to various tensions between the central and provincial governments of Pakistan. Therefore, the current study attempted to examine the impact of CPEC on addressing inter-provincial and federal-provincial disparities through compromises and dialogues. By analyzing the relationship between economic development and national integration, insights from the theory of nation-building shed light on the key factors driving this discourse. The study concluded that when economic development is equitable and inclusive, it may help to create a sense of shared identity and belongingness among the citizens of a country. It is important to ensure that the benefits of economic development are shared equitably among all provinces of Pakistan.

Keywords: Belt and Road Initiative (BRI), China, China-Pakistan Economic Corridor (CPEC), Pakistan

JEL Codes: O10, O2, F02

Introduction

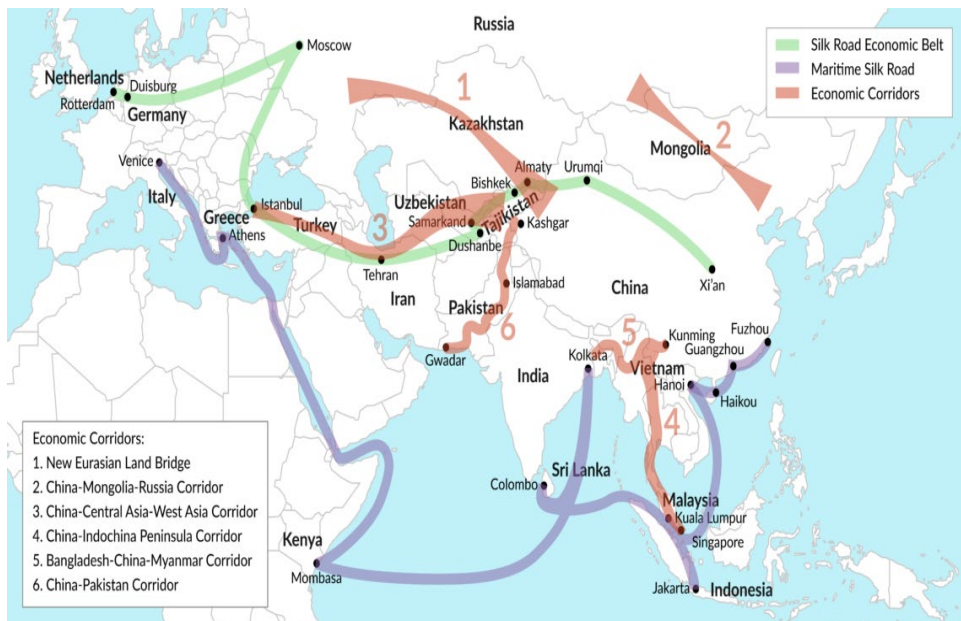
Since 1970, China has adhered to the strategic philosophy of Deng Xiaoping's slogan "Conceal your capabilities and bide your time". However, in the present era, it is an opportune moment for China to realize its

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ambitions through the One Belt, One Road (OBOR) initiative (Marshall, 2016). For several years, China's economy has been rapidly expanding, with an annual growth rate of more than 10% (Abdullahi et al., 2022). In response, China has implemented strategic reforms, with the goal of prioritizing economic growth and placing an emphasis on a peaceful ascent to power (Yuan, 2011). According to Morison (2019), China's GDP has increased by around 10% as a direct result of the country's emphasis on economic development. China has devised a comprehensive strategy that it refers to as the Belt and Road Initiative (BRI), with the goal of maintaining the current economic pace. The BRI is not only a transportation corridor; rather, it is an all-encompassing economic concept. It has an overarching goal of creating a community with common interests, commitments, and destinies via the implementation of several planned projects that run parallel to Silk Route NDRC, 2015 as shown in the figure 1.

Figure 1

The Entire Economic Corridor under Flagship of BRI



Note. Source: (Chaudhuri, 2019)

BRI is an extension and resuscitation of the historic Silk Road. It consists of two key projects: the land-based Silk Road Economic Belt (SREB) and the sea-based 21st Century Maritime Silk Road Economic Belt

(CMSR) (Irshad & Xin, (2015)). It symbolizes the development and rebirth of the old Silk Road. China-Pakistan Economic Corridor (CPEC) is one of the six economic corridors which is connected to Asia and Europe by SREB (Wolf, 2020). The other four corridors include the Northern Corridor, the Central Corridor, the China-Mongolia-Russia Corridor, the China-Southeast Asia Mainland Corridor, and the Bangladesh-China-Myanmar-India Corridor (BCIM). BRI is expected to cost one trillion dollars and would connect two-third of the worlds population (Wolf, 2020). This would open up a big opportunity for Asias continued economic dominance in the future. BRI is largely focused on Asia and would connect more than 40 different countries in that region (Irshad & Xin, 2015). According to Ali (2015), two SREB projects in South Asia, the BCIM and CPEC, have the ability to alleviate socio-politico-economic challenges, as well as develop interstate cooperation and trust within the area. The CPEC and the ramifications it may have for Pakistans national integration are the primary themes of the current study. According to Irshad et al. (2015), China has promised to make a significant investment in CPEC revolving around the amount of about \$62 billion. The level of cooperation that exists between Pakistans federal and provincial governments would determine how successful CPEC project would be. Ongoing conflicts between the central government and provinces over CPEC may create obstacles to the projects early completion and may make it more difficult for Pakistan to go forward with its process of national unity.

Research Questions

The current study attempted to answer the following questions:

- What are the primary concerns shared by the central and provincial governments when it comes to CPEC?
- What kinds of steps has state made to rectify the disparities that exist between the center and the provinces?
- What are the primary obstacles that need to be overcome to finish CPEC?
- What incentives are there for CPEC to jointly benefit the center and the provinces and to improve Pakistans national integration?

This discussion is based on the theoretical framework of nation-building which provides insights that may be used to better comprehend and respond to research questions being asked. Remainder section 2 discussed the

command of paradigmatic assumptions upon which the theoretical perspective of research is based. Whereas, section 3 elaborated on the comprehensive understanding of the conceptual framework of CPEC and BRI. Section 4 provided a summative overview of CPEC and its sectorial investment plans. Similarly, section 5 highlighted CPEC challenges and its implications. Section 6 elaborated on the impediments to state building or a way forward and section 7 discussed a course of action. In the end, the study concluded along with policy implications.

Paradigmatic Assumptions

CPEC is not fully functional which is a cause of conflict between provincial and federal governments. Therefore, there should be some deeply held assumptions to change the whole way in which the framework of CPEC and BRI is examined.

- Security being provided to all the Chinese project employees, managers, and sites. Even though, government has also raised a special security division (SSD) for the security of Chinese nationals Muhammad Zahidullah 2016. It must be assumed that there is no threat to any property.
- CPEC is the cause of a serious disturbance in domestic industries. It may weaken the relationship with neighboring countries as free trade agreements may cause security issues in the future. Therefore, it may be assumed that huge workforce coming from China is not disintegrating Pakistan's society, culture, and market place.
- Thirdly, it is assumed that CPEC is just an opportunity and not a threat Manzoor Ali Isran and Shehla Najib 2019. It would only be a cause of benefits to the economy by creating better means of transportation. For instance, roads and positive impact on agriculture production through a better reach to rural areas of Pakistan.

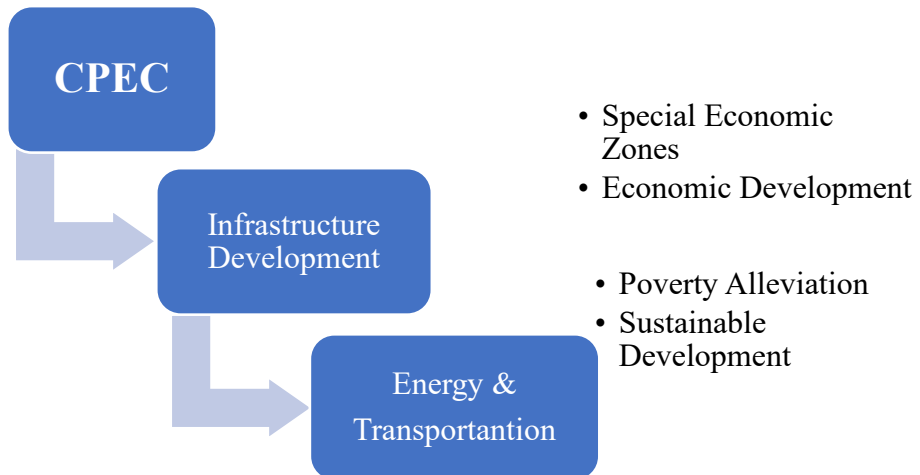
Understanding the Conceptual Framework

Pakistan's domestic political challenges and CPEC's role in fostering national integration may be better understood through the lens of nation-building theory which provides a theoretical framework for evaluating CPEC's effects. Goldsmith (2007), defines nation-building as "the process of creating a sense of collective belongingness among the people of a particular place on the basis of their shared language and culture". Hopp &

Kloke-Lesche (2005), explained that nation-building is an autonomous process to which external players assist slightly despite providing financial resources, and this belief has persisted. Economic cooperation and development organizations characterize state-building as an organic process that strengthens the states legitimacy, institutions, and capabilities via its interactions with its citizens (Organisation for Economic Cooperation and Development [OECD], 2007). State-building, like nation-building, requires political procedures to manage state-society, power relations, and interactions. CPEC aims to invest in infrastructural developments, for instance transport, energy sector, ports, and IT industries to alleviate poverty by generating employment opportunities (Irshad et al., 2016).

Figure 2

CPEC Framework

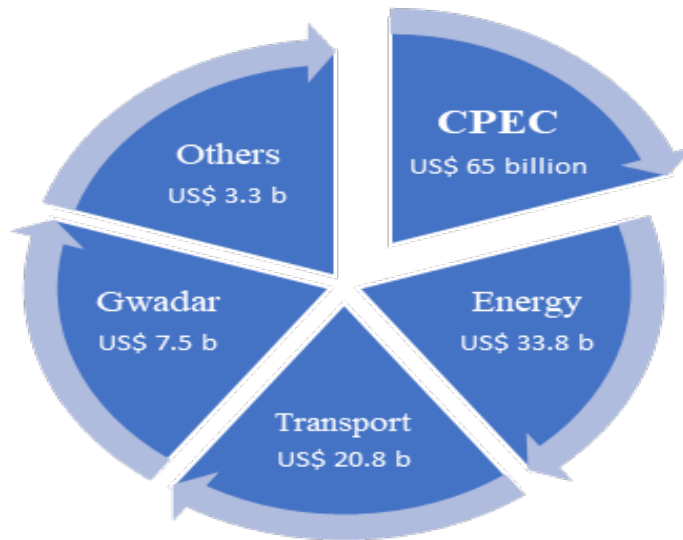


Infrastructure, energy, transportation, special economic zones, poverty reduction, and long-term growth are all parts of CPEC blueprints. Both nations expect to gain much from the initiative, that is, economically and in terms of better living conditions. It is a huge boon for regional cooperation and the future of the world as a whole. In a 2009 policy paper titled "Building the State and Securing the Peace," the United Kingdoms Department for International Development elaborated on the concept of "state-building". The paper explained that its primary focus is to bolster the relationship between society and state and the establishment of effective means to facilitate this relationship. During the process of state-building, political elites interact in a variety of ways with the goal of improving

domestic politics so that they better reflect the hopes of various social groups. As Katzenstein (1976), notes, foreign policy seeks to match domestic policies with the current international political economy. Therefore, in this context, foreign policy directly impacts the domestic politics. It is widely believed that major factors, such as commerce, war, and ideologies have an outsized impact on both local and international politics (Gourevitch, 1978). It is the obligation of states to solve both internal and international issues at the same time. Moreover, international talks sometimes require playing on two different levels at once. To secure their interests, domestic organizations at national level pressurize the governments, while political elites seek power via alliances with such groups. When dealing with international issues, national governments try to appease as many constituents at home as possible while limiting the negative effects of global events (Putnam, 2017). Figure 3 demonstrates how this total cost is divided into multiple sectors in Pakistan.

Figure 3

Sector Wise Investment of CPEC



Note. Source: (China Pakistan Economic Corridor [CPEC], 2021).

The CPEC further emphasizes the significance of external changes in creating political stability and national integration, demonstrating the clear contribution of state-building to nation-building (Irshad & Xin, 2017). As a

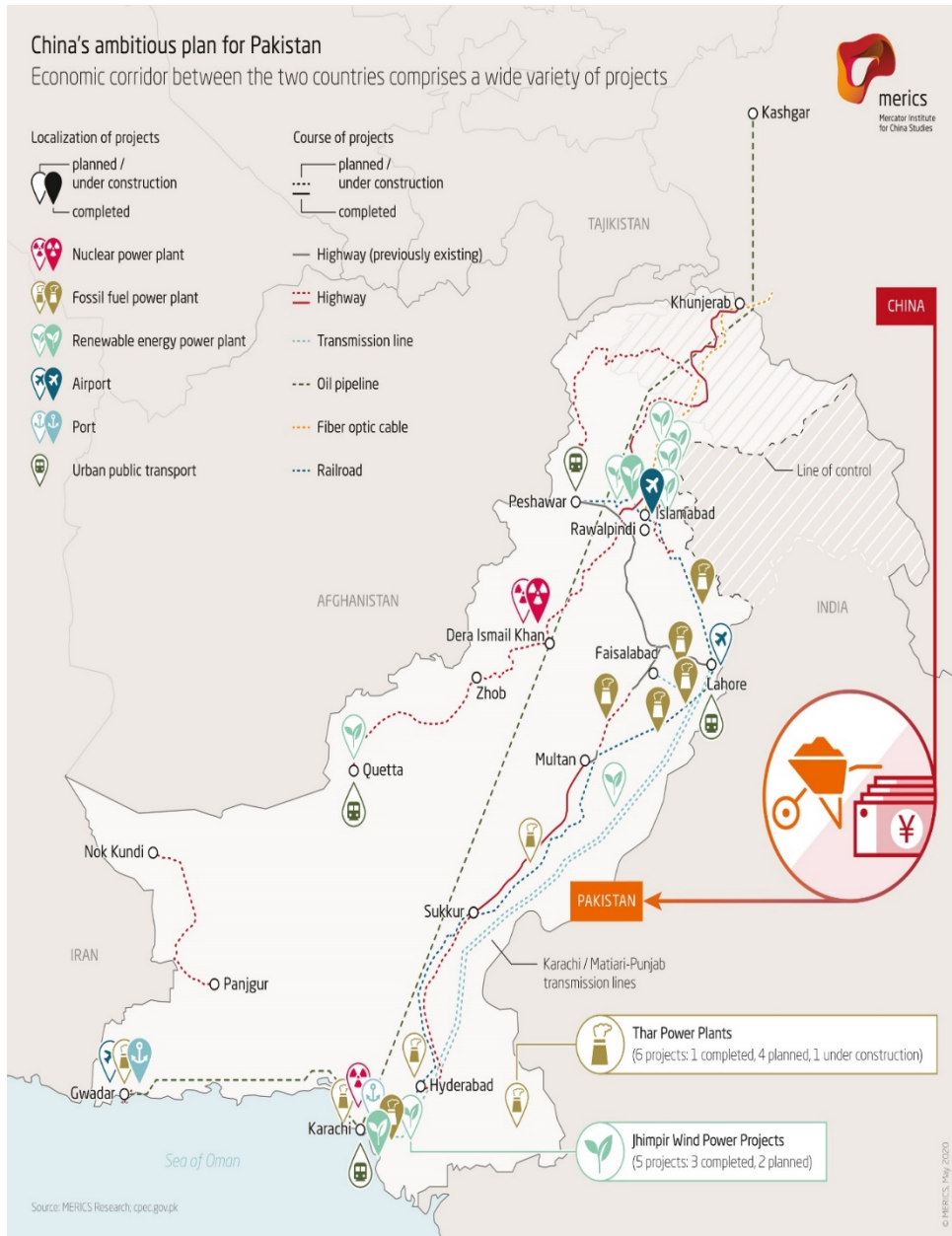
key component of Chinas BRI, CPEC has risen to the forefront of discussions about Pakistans efforts to strengthen its national unity at home and abroad. Following this introduction, the current study examined the primary challenges to Pakistans political stability and national unity. Moreover, it also investigated how CPEC has helped to strengthen this integration.

Overview of the China-Pakistan Economic Corridor (CPEC)

China initiated the CPEC concept in 2013 when Chinese Premier Li visited Pakistan. China and Pakistan each signed 51 agreements in April 2015 including five significant initiatives and memorandums of understanding (MOUs) (Butt & Butt, [2015](#)). CPEC is a bilateral agreement with Pakistan which primarily focuses on energy and infrastructure development in Pakistan (Irshad, Xin, Shahriar, & Arshad [2018](#)). CPEC initiatives are scheduled to be completed in three phases, that is, the first by 2017, the second by 2025, and the third by 2030, The News, 2014. CPEC focuses on four investment sectors, including energy, infrastructure, industry, and the Gwadar Port. Chinas investment in the energy sector has assisted Pakistan in overcoming its significant past energy crisis (Chung, [2018](#)). From Gwadar to Kashgar, the CPEC infrastructure development involves the construction of multiple road and rail initiatives spanning 2,500 to 3,000 kilometers. The Western Route (Kashgar to Gwadar via Khunjerab, Peshawar, D. I. Khan, Zhob, and Quetta), the Central Route (Khunjerab, Peshawar, Kohat, D. I. Khan, D. G. Khan, and Ratodero), and the Eastern Route (Khunjerab to Gwadar via Islamabad, Lahore, Sukkur, and Karachi) are currently under construction. The estimated cost of these routes is \$5.33 billion USD CPEC, 2021. These routes would also be connected to the remaining regions of Pakistan via expressways and motorways. Additionally, a rail link between Gwadar and Khunjerab is anticipated to cost \$2.3 billion (Hussain, [2014](#)). CPEC is a flagship agreement in BRI and scholars believe that this would boost and develop the economic structure of Pakistan (Iqbal et al., [2024](#)). See the Figure below.

Figure 4

Demonstration of Projects under CPEC in Pakistan



Note. Source: (Mardell, 2020)

In all four provinces of Pakistan, Special Economic Zones (SEZs) with tax incentives and economic reforms are proposed to promote industrial development. A total of 46 sites have been identified for SEZs, with nine sites designated as priority zones (Amin, [2012](#)). China has allotted a substantial budget for the operation of Gwadar Port which demonstrates its importance. Mushahid Hussain Syed, Chairman of the CPEC Parliamentary Committee, has referred to Gwadar as the CPECs beating heart (Bozdar, [2016](#)). China is increasing the capacity of Gwadar port to accommodate oil tankers of up to 200,000 dwt and dry cargo vessels of up to 100,000 dwt (Ishaque, [2016](#)). The master plan for the ports construction consists of two phases. The short-term plan (2005-2020) aims to handle 42-65 million tons, while the long-term plan (2021-2055) aims to handle 321-345 million tons of dry cargo, oil, and gas (Gwadar Port Authority, [2006](#)). It has been a decade since the launch of CPEC in 2014. Ever since, many flagship projects have been completed, whereas, many of them are under construction, see Table 1 below.

Table 1

Detail List of Completed and Proposed Projects under CPEC

Project Name	Location	Status	Cost (US\$)	Sector
Gwadar Port	Gwadar, Balochistan	Completed	\$2.5 billion	Port
Kashgar-Gwadar Railway	Kashgar, China - Gwadar, Pakistan	Under Construction	\$4.6 billion	Railway
Peshawar-Karachi Motorway	Peshawar – Karachi	Under Construction	\$6.8 billion	Road
Orange Line Metro Train	Lahore	Completed	\$1.6 billion	Metro
Diamer-Bhasha Dam	Diamer, Gilgit- Baltistan	Under Construction	\$8.8 billion	Dam
Rashkekhar Hydropower Project	Jhelum River, Azad Kashmir	Under Construction	\$1.4 billion	Hydropower
Multan-Sukkur Motorway	Multan – Sukkur	Under Construction	\$2.8 billion	Road
Karachi Circular Railway	Karachi	Under Construction	\$1.2 billion	Railway
Special Economic Zones	Various parts of Pakistan	Under Construction	\$10 billion	Special Economic Zone
Hydropower Projects	Various parts of Pakistan	Proposed	\$20 billion	Hydropower

Project Name	Location	Status	Cost (US\$)	Sector
Energy Projects	Various parts of Pakistan	Proposed	\$15 billion	Energy
Gas Pipelines	Various parts of Pakistan	Proposed	\$10 billion	Gas Pipeline
Fiber Optic Cables	Various parts of Pakistan	Proposed	\$5 billion	Fiber Optic Cable
Airports	Various parts of Pakistan	Proposed	\$3 billion	Airport
Railways	Various parts of Pakistan	Proposed	\$2 billion	Railway
Roads	Various parts of Pakistan	Proposed	\$1 billion	Road
Water Projects	Various parts of Pakistan	Proposed	\$500 million	Water Project
Social Development Projects	Various parts of Pakistan	Proposed	\$200 million	Social Development Project

Note. Source: (China Pakistan Economic Corridor [CPEC], [2021](#)).

In addition to Gwadar Port, the aforementioned CPEC projects are intended to be implemented in all the four provinces of Pakistan, connecting various sections of the country via road and rail networks (Irshad, Xin, Hui, & Arshad [2018](#)). However, both the federal and provincial administrations are concerned about the development of these initiatives. To address these concerns and promote national integration, the central government has devised a number of initiatives. The efficacy of these initiatives would be evaluated in the light of nation-building theory in the following sections.

CPEC: Challenges and Implications

CPEC presents both obstacles and consequences that must be carefully considered. Several obstacles have emerged during the implementation of CPEC, which may affect its success. These obstacles include:

- *Security Concerns:* Ensuring the security of CPEC initiatives is one of the primary obstacles. In the past, the region where CPEC was initiated experienced many security issues, such as terrorism and insurgency. It is essential to ensure the safety of infrastructure, employees, and investments for the successful completion of the projects.
- *Socioeconomic Disparities:* While CPEC intends to bring economic growth and prosperity, there is a danger that socioeconomic disparities

would be exacerbated. It is crucial to guarantee that the benefits of CPEC are disseminated equitably across Pakistans various regions and social groups.

- The development of infrastructure initiatives under CPEC may have negative environmental implications. During the construction and operation of these projects, it is crucial to implement measures to reduce environmental harm and promote sustainable practices.
- *Governance and Transparency*: Effective institutional frameworks and transparent governance play an essential role for the successful implementation of CPEC. To develop public trust and confidence, it is essential to ensure accountability, combat corruption, and promote transparency in decision-making processes.

As CPEC is a bilateral agreement between China and Pakistan, it is necessary to maintain a balance of interests and to safeguard Pakistans sovereignty and national interests (Irshad & Anwar, [2019](#)). Managing the dynamics of Pakistans relationship with China is essential for Pakistans long-term strategic goals. Despite these obstacles, CPEC has substantial implications for Pakistan. Among the most significant implications are:

- *Economic Growth and Development*: CPEC has the potential to stimulate Pakistans economic growth and development. Under CPEC, infrastructure initiatives, energy investments, and industrial development can attract foreign direct investment (FDI), generate employment opportunities, and boost the countrys overall economic competitiveness.
- *Energy Security*: Pakistan has historically experienced severe energy shortages. CPECs emphasis on energy projects, such as the construction of power facilities, can assist in meeting Pakistans energy requirements and enhancing energy security, thereby reducing reliance on imported energy sources.
- *Connectivity and Trade Routes*: CPEC intends to improve connectivity within Pakistan by establishing trade routes connecting China, Pakistan, and other nations in the region. Improved infrastructure, such as roads, railroads, and ports, can promote regional integration and create new economic opportunities.

- *Regional Cooperation:* CPEC has the potential to promote regional cooperation and strengthen ties with neighboring nations. It can promote economic integration, bolster diplomatic ties, and facilitate people-to-people exchanges, thereby contributing to regional peace and stability.
- *Geopolitical Significance:* CPEC is geopolitically significant due to its strategic location and linkage to the broader BRI. It can increase Pakistan's geopolitical significance by attracting international interest and investment while fostering regional cooperation and influence.

To maximize CPEC's benefits and ensure inclusive, sustainable development, Pakistan must comprehend and effectively resolve the challenges while capitalizing on the implications of this initiative (Ahsan et al., [2021](#)).

Impediments to State-Building

There are several obstacles and challenges that pose significant hurdles on the path to nation-building. These hurdles may impede the process of fostering a common national identity and unity within a country. Some of the key hurdles include:

Ethno-Cultural Diversity

Societies often comprise diverse ethnic, cultural, and linguistic groups, each with its own distinct identity and interests. Balancing the interests and aspirations of different groups while fostering a shared national identity can be a complex task.

Regional Disparities

Regional disparities in terms of economic development, infrastructure, and access to resources may lead towards feelings of marginalization and discontentment among certain regions or provinces. These disparities may create grievances and hinder the efforts towards national integration.

Political Fragmentation

Political divisions, power struggles, and lack of consensus among political elites can undermine the nation-building process. Disagreements and competition for resources may lead towards political instability and hinder the efforts to forge a common national agenda.

Historical Conflicts and Grievances

Lingering the historical conflicts, unresolved grievances, and deep-seated resentments based on past injustices can hinder the nation-building efforts. These conflicts may fuel separatist movements or ethnic tensions, making it challenging to foster a sense of shared national identity.

External Interference

External actors, whether neighboring countries or global powers, can influence and manipulate the internal dynamics, exacerbating divisions and hindering nation-building efforts. External interference can undermine national cohesion and create dependencies that impede progress.

Socio-economic Challenges

Persistent socio-economic challenges, such as poverty, inequality, and lack of access to education and healthcare can hamper nation-building. These challenges can create social divisions and hinder the development of a cohesive and inclusive society.

Overcoming these hurdles requires strong leadership, inclusive governance, equitable resource allocation, promotion of social cohesion, and effective policies that address regional disparities. It also necessitates fostering a sense of shared ownership and participation among different ethnic and cultural groups, as well as addressing historical grievances through reconciliation processes (Siddique, Ali, Sajid, et al., [2022](#)). By actively addressing these challenges, countries can navigate the hurdles on the way to successful nation-building and promote long-term stability and unity (Siddique, Ali, & Irshad, [2022](#)).

Course of Action

China, as a major stakeholder in CPEC, has expressed concerns about opposition and lack of consensus within Pakistan regarding CPEC projects (Khan et al., [2023](#)). While China's foreign policy is based on non-interference, it cannot ignore the issues surrounding CPEC (Rifaat & Maini, [2016](#)). China urged Pakistan to address internal disputes related to CPEC, and its embassy in Islamabad engaged with various stakeholders including defense chiefs, parliamentarians, political leaders from the government and opposition, and the judiciary, to resolve the challenges faced by CPEC (Ghuman, [2016](#)). To facilitate the central government in addressing concerns from smaller provinces, China revised the CPEC plan to include

all regions including tribal areas of Pakistan (Shulin, [2014](#)). With China's consent, Pakistan managed to build a consensus among political parties to prioritize Pakistan-China friendship and prevent the politicization of CPEC projects (Irshad et al., [2015](#)). China is the leading FDI in Pakistan. It is anticipated that there would be an increase in Chinese FDI in Pakistan in 2023. The subsequent stage of the CPEC) encompasses several domains, such as socioeconomic advancement, educational enhancement, tourist promotion, industrial growth, oil and gas exploration, research initiatives, and technological advancements (Jin & Hou, [2022](#)). The complete implementation of phases I and II of the China-Pakistan Free Trade Agreement in 2023 is expected to foster enhanced trade collaboration, therefore contributing to the economic advancement and progress of Pakistan. According to a recent study conducted by the CPEC Center of Excellence, it has been determined that the ongoing projects have the potential to generate around 1.2 million indirect employment opportunities (Khan, [2023](#)). However, this consensus alone is insufficient for effective state-building in the context of nation-building theory. To promote nation-building, certain initiatives should be undertaken which have been mentioned as follows:

Addressing Infrastructure Concerns

The concerns raised by smaller provinces, particularly the delay in constructing the Western Route, need urgent attention. Prompt action is required to alleviate tensions between the central and provincial governments.

Strengthening the Role of the Council of Common Interests (CCI)

The CCI, responsible for fund allocation as per the 18th amendment in the constitution, must play an active role. Additional financial resources should be allocated to the most underdeveloped areas, particularly Baluchistan. Providing employment opportunities to Baluchis, especially in the Gwadar Port project, can help alleviate ethno-nationalistic tensions in Baluchistan.

Role of the Military

While the Pakistani army has played a praiseworthy role in securing CPEC projects, its involvement in administrative affairs is immensely constructive. This would help build trust and promote nation-building.

Inclusive Decision-Making

CPEC presents a significant opportunity for Pakistan's economic uplift, especially in underdeveloped regions. The central government must engage all stakeholders through dialogues and compromises, adhering to the principles of nation-building theory. Inclusion and participation would contribute to Pakistan's national integration.

By addressing these challenges and implementing the suggested initiatives, Pakistan can overcome hurdles and effectively promote both state-building and nation-building processes within the context of CPEC.

Conclusion

Many obstacles and repercussions have emerged during the development of CPEC. Tensions in Pakistan have arisen as a result of observations from Pakistan's smaller provinces over resource distribution and the building of necessary infrastructure. These provinces include Baluchistan, Khyber Pakhtunkhwa (KPK), and Sindh. China, as a key player, has been working with its Pakistani counterparts to resolve these problems and to keep CPEC projects on track. China's dedication to CPEC's success is on full display in its demand that Pakistan must end its internal disagreements over the project. Modifying the CPEC plan to include tribal areas demonstrates China's adaptability and readiness to address the concerns of smaller provinces. Resultantly, a consensus has been formed across political parties, and CPEC projects have not been politicized. Several measures have been proposed to aid in the process of nation- and state-building. Timely infrastructure maintenance, empowering the CCI to allocate resources, restricting the military role to questions of security, and establishing inclusive decision-making mechanisms that account for all relevant parties, are all essential. The ruling party of Pakistan should prioritize introspection and undertake the arduous task of restructuring and overhauling the economy. The officials in Pakistan should prioritize introspection and undertake the arduous task of restructuring and overhauling the economy. The enhancement of its export sector might perhaps achieve the alleviation of Pakistan's debt issue. Based on an estimate provided by the World Bank, Pakistan has a total export potential of over \$88 billion, almost four times more than its present export revenues. A significant portion of this potential may be actualized via expanding exports to established markets, such as the United States and China. A significant proportion of these supplementary

revenues would be derived from sectors outside the textile industry, resulting in the growth of value chains and ecosystems within new industries (Younus, [2021](#)).

By carrying out these measures, Pakistan would be able to overcome obstacles on the road to nation-building and use CPEC to its full economic potential in undeveloped regions. The federal government must prioritize the needs of smaller provinces, work to include everyone, and build confidence in the system. If Pakistan makes these kinds of preparations, it would be able to use CPEC to accelerate the country's process of national integration and growth. The year 2023 marks a significant turning point for CPEC, marked by promising opportunities and substantial obstacles. The endurance and potential of a bilateral venture have been shown by the ever-changing terrain, which has endured historical changes and emerged as a powerful driver for economic, cultural, and geopolitical upheaval.

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