

Shadows Over the Silk Road: Unveiling the Governance Gaps and Geopolitical Imperatives of the China-Pakistan Economic Corridor (CPEC)

Muzaffir Hussain ¹

¹ Assistant Professor, Department of Political Science, University of Turbat. Email:

muzaffir.hussain@uot.edu.pk

Corresponding Author: Muzaffir Hussain

DOI: <https://doi.org/10.63163/jpehss.v3i1.1201>

Abstract

The China-Pakistan Economic Corridor (CPEC), the most prominent and strategically significant component of China's Belt and Road Initiative (BRI), occupies a contested position at the intersection of high-stakes geopolitical diplomacy and deeply opaque infrastructure governance. This study interrogates the dual character of CPEC by examining two interconnected dimensions: the structural governance deficits embedded in the Gwadar Deep Seaport Agreement, and the layered geopolitical calculations that have shaped Pakistan's sustained commitment to the corridor. With respect to the first dimension, the study brings into critical focus the terms of the port concession, paying particular attention to the asymmetric 91-9 revenue-sharing arrangement between the China Overseas Port Holding Company (COPHC) and the Gwadar Port Authority (GPA), and to the systematic exclusion of local and provincial stakeholders from the project's governance architecture. These transparency failures raise substantive concerns about sovereign debt sustainability, economic equity, and the long-term viability of a development model that has largely bypassed established parliamentary accountability mechanisms. With respect to the second dimension, the study examines the strategic imperatives driving Pakistan's engagement with CPEC—imperatives that extend well beyond the project's developmental framing to encompass energy security, maritime strategic depth, and the pursuit of a counterbalancing alignment with Beijing in a regional environment shaped by deepening US-India convergence. The study concludes that whilst CPEC retains substantial transformative potential for Pakistan's infrastructure and industrial base, persistent information asymmetries and structurally imbalanced contractual conditions pose a serious and underappreciated risk to the corridor's long-term legitimacy, both domestically, in the communities most directly affected, and regionally, in the broader context of South Asian geopolitical stability.

Keywords: CPEC, Gwadar Port, China-Pakistan relations, Belt and Road Initiative, debt-trap diplomacy, transparency, Balochistan, geopolitics, revenue-sharing,

Introduction

The China-Pakistan Economic Corridor (CPEC) is, by almost every measure, one of the most significant infrastructure and investment projects of the twenty-first century. Frequently described as the flagship project-or "crown jewel"-of China's Belt and Road Initiative (BRI), the corridor runs from China's landlocked Xinjiang province south through Pakistan over a diverse and challenging terrestrial character to end at the deep-water port of Gwadar on the Arabian Sea.

For a Pakistani state with a long history of chronic energy deficits, declining infrastructure and a largely stagnant industrial base, CPEC has, with much official zeal on both sides, been heralded as a transformative moment that will allow Pakistan to harness its geographical potential and re-establish itself as a viable regional economic centre (Wolf, 2020; Husain, 2020). However, with the first burst of optimism that followed the publication of the corridor being replaced by a more realistic evaluation, CPEC has already become an object of increasing criticism. The project is more likely to be studied not only as an economic programme but also as the prism of national autonomy, the transparency of the contract, the equality of development in South Asia and the changing balance of power (Small, 2015; Alam et al., 2023).

At the geographical and symbolic heart of the corridor is Gwadar Port - a port whose development is at the centre of Pakistan's ambitions to be a regional maritime hub, and of China's interest in securing a shorter and strategically more robust route to the Arabian Sea and from there to the energy-rich Persian Gulf. However, instead of serving as a clear display of bilateral collaboration, Gwadar now serves as a symbol of the governance issues that have come to cast a shady cloud on the media treatment of CPEC. The terms of the long-term concession extended to the China Overseas Port Holding Company (COPHC), including the revenue allocations arrangements, land use entitlements and tax exemption provisions, have been kept under cover and beyond public access by non-disclosure agreements that have resisted repeated attempts by parliamentarians to bring the agreement under scrutiny (Husain, 2017; Senate of Pakistan, 2024). Such obscurity is an inherent breakdown of the governance that prevents the democratic responsibility of a project that would tie the institutions of Pakistan to generations in commitments of money and territory. Critics have argued and there is reason for doing so that what passes as infrastructure diplomacy is in fact, extractive development - one that concentrates benefits to Chinese corporate entities and a narrow Pakistani elite while leaving the province of Balochistan, in which the port is located with little in tangible returns (Alam, et al. 2023; Grare 2017).

This tension is played out in Gwadar, through the physical landscape, in an uncomfortable manner. High security fenced Chinese compounds and port installations stand in visible proximity to communities which remain without any reliable electricity, clean water or meaningful employment from the project (Grare, 2017; Shah, 2017). The resultant sense of marginalisation has added to already existing grievances in Balochistan (with a long and unresolved history of separatist sentiment) and has contributed to a security environment is sufficiently volatile that the deployment of a dedicated military formation, known as the Special Security Division, for the corridor's protection has been deemed necessary (Sehgal, 2016; Javaid, 2016). The above dynamics have been widely reported in recent literature, with authors such as Alam et al. (2023) and Grare (2017) claiming that it is not a coincidence that the developmental rhetoric of CPEC and its distributional reality are disconnected, but it is inherent in the construction of the project governance and finance terms.

The Gwadar Port concession agreement, as far as the terms of its agreement have entered the public domain (mainly through United States Senate briefings and investigative reporting, not through official Pakistani disclosure) exposes a revenue sharing scheme of stunning asymmetry. Under the Build-Operate-Transfer (BOT) agreement, with a forty-year window, the COPHC is entitled to 91 per cent of the gross revenue from the terminal and marine operations with only 9 per cent accruing to Gwadar Port Authority (GPA) as the representative of the Pakistani state (Husain, 2017, Senate Standing Committee on Finance, 2024). The terms governing the Gwadar Free Zone are marginally less skewed and nonetheless highly favourable to the Chinese operator,

assigning 85 per cent of revenues to COPHC and 15 per cent to GPA. The constitutional significance is the total exclusion of the Government of Balochistan from any direct share of the port revenues despite the devolution of provincial economic rights enshrined in the Eighteenth Amendment to Pakistan's Constitution (Husain, 2020; Alam et al., 2023). Domestic critics and civil society actors have always described these arrangements as a form of extractive development with the resident population reaping no meaningful dividend from the exploitation of the geographic and maritime assets of their province (Grare, 2017; Baloch, 2022).

Any attempt to put such arrangements before the review of the parliament has been subjected to consistent institutional opposition. The Senate Standing Committee on Finance on several occasions sought access to the original concession documents in 2024, but access was blocked on the pretext of confidentiality obligations by the Ministry of Maritime Affairs in each case - which makes independent audit effectively impossible and perpetuates well-grounded fears over the long-term trajectory of Pakistan's debt obligations under the corridor (Senate of Pakistan, 2024; Husain, 2020). The idea of "debt-trap diplomacy" - the idea that Chinese BRI financing is aimed at creating unsustainable debt burdens for which subsequent concessions may then be won - has come under challenge in the academic literature, scholars such as Brautigam (2020) and Chin and Gallagher (2019) challenging whether the available evidence can support the stronger versions of this thesis. Nevertheless, the structural opacity surrounding Gwadar's governance arrangements makes it extremely hard to assess objectively Pakistan's exposure to real fiscal liabilities, let alone provide transparent accounting which could comprehensively represent China's intentions, yet this creates conditions in which the debt trap narrative-not necessarily capturing the full depth of China's intentions-is gaining credence in the public and political domain (Weinbaum & Harder, 2023).

Far beyond governance issues of Gwadar at the point of immediate rule, CPEC is a response to a greater and more essential change of strategic position of Pakistan. The corridor is the most ambitious effort by Pakistan to re-orientate itself from being a state marked primarily by its security problems and external dependencies to one that can create sustainable economic leverage due to its geographic location (Small, 2015; Wolf, 2020). To Islamabad, the justifications to this change are both short and long-term. At the immediate level, CPEC provided a solution to the acute energy crisis which had been limiting the level of economic output for over a decade in Pakistan: the "early harvest" portfolio of coal and hydroelectric power projects brought tangible additions to installed generation capacity in a compressed timeframe, tackling a bottleneck that has been felt across the industrial and domestic sectors alike (Husain, 2017; Alam et al., 2023). The longer-term structural motivation is to the geopolitical kind. Pakistan's willingness to tie itself so closely to China's ambitions on infrastructure can be understood neither in isolation from that of the larger direction of power relations across South Asia - especially out of the progressive deepening of the United States-India strategic partnership and the rise of the Indo-Pacific strategic framework which Islamabad sees to institutionalise its relative marginalisation in the American regional calculus (Pant, 2012; Weinbaum & Harder, 2023).

In the present context, CPEC serves as a useful instrument for Pakistan not only as a development programme but also as a strategic instrument - a mechanism for securing a privileged and durable relationship with a rising great power at a time when Pakistan's traditional patron relationship with the United States is losing its defining significance. By building up the economic component of Chinese interests in such a deep-rooted way within Pakistani territory and infrastructure, Islamabad is in effect building a form of deterrence by proxy: making

Pakistani territorial integrity and economic stability a direct Chinese strategic interest, thereby complicating the calculations of regional rivals who might write off Pakistani resolve (Pant, 2012; Small, 2015). The maritime aspect of this strategy is especially important. Through Gwadar, Pakistan gains strategic depth in the naval domain - an alternative to Karachi that military strategists have for decades deemed dangerously exposed to interdiction, in the event of conflict with India - and a platform from which Pakistani and, by implication, Chinese strategic interests in the Arabian Sea are better represented (Kalim, 2017; White, 2020).

It is based on these two pillars: the governance crisis in Gwadar, the logic of Pakistan's participation in the corridor that goes beyond the all-weather rhetoric of relations between the two countries. The passages below discuss the governance failures of the Gwadar concession deal, speculate on the geopolitical and strategic incentives that have provided Pakistan with a reason to continue with CPEC despite its admitted expenses, and speculate on how such dynamics will have long-term effects on the independent development path of Pakistan and security in South Asia. The paper utilizes both primary policy texts and parliamentary publications as well as a body of more recent literature in its construction of an argument about why CPEC is not only the recipient of its actual developmental success, but why further structural factors remain to make its long-term legitimacy still precarious.

Research Methodology

This paper uses a qualitative, descriptive-analytical research to explore the nature and governance as well as strategic aspects of the China-Pakistan Economic Corridor (CPEC). The research combines primary data collected by conducting briefings with various Pakistani Senates and official Ministry of Planning publications and secondary data in terms of peer-reviewed journals and geopolitical policy articles by applying a Thematic Analysis framework. The approach is based on the Neo-Realist theory to analyse the strategic motives of Pakistan and the Dependency Theory to determine the gaps of transparency in the Gwadar Port Agreement. The triangulation of the state rhetoric in line with independent sources of economic audit and security reports of the region is used to determine structural veils in the CPEC financial system, and the latent geopolitical motivation that motivates the bilateral relationship.

Review of Literature

The scholarly literature on the China-Pakistan Economic Corridor (CPEC) is becoming increasingly polarized where the future of the project as a potential game changer is on one side and the risks it presents as a debt trap on the other side. The focus of this discussion is the Gwadar Port Agreement that academics refer to as one of the key causes of informational asymmetry. Haider and Hussain (2020) have argued that the absence of transparency in the concession deal with the China Overseas Port Holding Company (COPHC) has created a large governance gap that has contributed to the local grievance in Balochistan. Their study identifies 91-9% revenue-sharing model as a centre of attention to the critics who claim that project is more inclined to accumulating Chinese capital than integrating the local economy.

In addition, the state tends to use the concept of national security to justify its veil of secrecy regarding CPEC. According to Mehmood (2021), the participation of the Pakistani military in monitoring the activities of the CPEC projects, namely the Special Security Division (SSD), has circumvented the conventional democratic checks and balances. Some people see this as a needed stabilization mechanism, though others, like Wolf (2019), believe it contributes to the

alienation of peripheral populations, and it is a security-development paradox, in that infrastructure is secured at the expense of political inclusivity.

Strategically, the literature focuses on the transition of Pakistan to geo-economics. Javaid (2016) believes that the main reason why Pakistan is keen on this venture is the need to end its long-standing energy crisis and modernize its maritime infrastructure to offset the Indian supremacy in the region. This is closely associated with Malacca Dilemma a term that is popular in BRI literature that refers to the weakness of China in the South China Sea. According to Kanwal (2018), in the case of Pakistan, energy corridor on land to China is a deterrence by association to entrench the Chinese interests of security in the territory of Pakistan in order to have a strategic shield against foreign threats.

Taken together it can be argued that although the geopolitical motivations behind the project are evident and mutually advantageous to both Islamabad and Beijing, the lack of transparency in the financial and governance structures is the Achilles heel of the project. Without bringing the disproportionate conditions of the Gwadar Port Agreement and that of local stakeholders, scholars conclude that the long-term legitimacy of CPEC is still under a serious question.

Assessing Transparency: Disclosing Concerns Regarding CPEC Agreements in Gwadar:

Gwadar Port, which lies along the coast of the Indian Ocean, has become the main tool of the China-Pakistan Economic Corridor (CPEC) and the Belt and Road Initiative as a whole. CPEC as an important component of the China's String of Pearls strategy will connect China northwestern province known as Xinjiang with the Arabian Sea via Gwadar. This is the most strategic position of Beijing, which has the shortest sea route to the Persian Gulf. China aims to establish backup routes in case its trade routes to Africa, Europe, and the Middle East are disrupted by creating Gwadar as a means of achieving this (Kardon, 2020; Rahman et al., 2023). Moreover, the accessibility of its location in the Makran division in Balochistan to the energy-abundant parts of the Central Asia gives it a direct entry point to the energy-rich parts of the Central Asia. Finally, the process of Gwadar incorporation into CPEC fulfils China in the long-term geopolitical objectives, broadening its economic and military presence in the strategic maritime bottlenecks and trade routes in the world market (Jetly, 2021; Gholizadeh et al., 2020). Gwadar is a little fishing village located on the Arabian Sea having a long and complicated history of geopolitical disputes. The village was under the control of the Omani leader over two hundred years since the 18th century, when the leader, Ahmad bin Said al-Busaidi, had left to Balochistan because of a war within the Busaidi family (Jamali, 2014; Ahmad, 2016). Khan of Kalat who was one of the rulers of Balochistan gave the Sultan a city of Gwadar due to the good relationship maintained with the dethroned Sultan. The Sultan used Gwadar as a base and gathered most of his forces in Mekran, Turbat and Gwadar and even some parts of Iran such as Bandar Abbas and other immediate regions. When the Sultan of Oman took over back to the Khan of Kalat, he expanded his influence to the areas further around them (Jamali, 2014).

Over the centuries, different administrations have ruled Gwadar such as the British who used it as a merchant transit station and Pakistan, which officially took over the land in 1958. Nevertheless, the port would continue to enjoy relative international marginalization until 2001 when China came out with interests in evolving it into a deep-sea hub. Although it has been decades under the Pakistani control, Gwadar was hardly developed, until it became part of the China-Pakistan Economic Corridor (CPEC) one of the pillars of the Belt and Road Initiative (BRI). It is worth noting that the initial development of the port was funded by Chinese more than 80 percent (about \$248 million) (Shira, 2013). Even though the operations of the Chinese companies were to be handed over in the year 2007, security fears, after the murder of Chinese

engineers in Balochistan, in 2004, saw a tactical retreat. Thus, a 40-year operation lease was originally awarded to the Port of Singapore Authority (PSA) in 2007 (Adeney & Boni, 2021). The Pakistani government granted a 40-year concession to the China Overseas Ports Holding Company (COPHC) in 2013 after six years of minimal results, because of which PSA withdrew (Rakisits, 2015).

One of the major areas that China has been keen to develop is the Gwadar Port which is the most vital project of the CPEC. The Gwadar Port is viewed by China as a strategic point that will give them direct access to the Arabian Sea and Middle East without necessarily passing through the Strait of Malacca. This will ensure that the reliance of China on the further and the vulnerable route along the Strait is significantly minimized. The Gwadar Port should be seen as a source of economic benefit both to China and Pakistan, as it may turn Gwadar into a significant economic centre and bring the locals employment opportunities. The expected results of this project are the inflow of investments, development of trade relations, and creation of a regional business transport centre. Such results can provide an impetus to the geopolitical climate within the region. The strategic positioning of the Gwadar seaport as the crossroad of three most economically viable areas, namely, the west, central and south Asian areas, is an offering that can see Pakistan receive a lot of revenue in the form of transit levies if the port is well operationalized. According to the official versions of Islamabad, the onset of regional and global trade through the Gwadar port enables delivery of a lot of power resources of Central Asia to the expanding markets of the globe.

The CPEC and its major venture, the Gwadar Port, have generated much interest and investments since it can transform the dynamics of trade in the region. The absence of transparency however in these initiatives has brought up questions on the minds of stakeholders and observers concerning the real motives and the long-term consequences of the agreements. Lack of clear information about the terms, conditions and financial issues of the projects have caused suspicions of underlying motives and unfair gains to the participating countries. Besides, lack of transparency in both CPEC and the Gwadar Port Agreement has also been enhanced by low participation of the local communities and their non-involvement in the decision-making processes.

While Pakistan's smaller provinces expressed general scepticism toward CPEC, the population of Balochistan—particularly in Gwadar—viewed the initiative with a mix of curiosity and cautious optimism, hoping for improved living standards and economic growth (Baloch, 2016). However, as implementation progressed, these hopes were overshadowed by a profound lack of transparency and the exclusion of local stakeholders from decision-making processes. Serious questions emerged regarding the equity of the revenue-sharing model and the extent of Chinese administrative control over the port. A significant breach of governance occurred in April 2015 when the then-Chief Minister of Balochistan, Dr. Malik Baloch, revealed he had not been consulted prior to the signing of the Gwadar Port Agreement (Shah, 2015). This opacity fuelled regional speculation that the deal was a geopolitical arrangement granting China unchecked authority. Even by 2016, when the Senate Chairman urged the disclosure of CPEC details to combat misinformation, the Federal Minister for Planning and Development demurred, citing the "sensitive" nature of the contracts (Khan, 2016). Consequently, much of the CPEC framework remains speculative, with public access limited to a few select energy and infrastructure proposals,

“So far, most things in CPEC are only on paper; no one exactly knows what China’s long-term plans for CPEC are; therefore, saying something or predicting something from

that paperwork would not disclose a lot, but what are the hypes and media revelations? They do not show the real intention of China and its government. The true nature of China's intentions with CPEC can only be understood through careful observation of their actions and the outcomes of their investments. While the media may speculate and create sensational stories, it is essential to analyse the actual projects and their impact on the ground to gain a clearer understanding of China's long-term objectives. Only time will tell whether CPEC will be a mutually beneficial partnership or if there are hidden motives behind China's involvement.” (Interview with the Researcher, 2022)

Although there is no clarity on the details related to the plan, including the contents of investments and loans, size of projects, and the terms of the Gwadar Port and Gwadar Free Zone, both the Chinese and Pakistani governments have worked in unison to define and determine the Gwadar CPEC discourse (Afzal, 2020). Nonetheless, the Gwadar Port agreement is considered shrouded because of the security issues and the use of geopolitical, strategic, and military interests.

Two years after the launch of the project, in 2017, the Federal Minister of Planning and Development published a CPEC master plan providing the public with the first actual picture of the plans of China (Husain, 2017). Nevertheless, such disclosure was not accompanied by the full transparency in terms of the greater CPEC framework, in fact, the specifics of the operation and the long-term perspectives on the Gwadar Port. Later revelations suggested that the port was contracted to China over a term of 40 years under tax exemption basis. According to this arrangement, China Overseas Port Holding Company (COPHC) allegedly enjoys 91% of port earnings and 85% of the revenues earned in the Gwadar Free Zone (Report, 2017).

The absence of transparency of the CPEC and Gwadar Port deal gives the local population the feeling of unease and leaves doubts as to the motives and benefits of the project. These fears are further increased by the fact that the Chinese are allocated a huge portion of this land, and this means that the locals are unsure of their future and the impact the move has on their livelihood. The restricted access to information gives way to speculation and rumours, and it is hard to predict how the local population can know fully about the long-term results of the CPEC and Gwadar Port agreement. This confusion creates the risk of diminishing trust and raising scepticism about the project and so the authorities involved should be more open and communicative.

CPEC and its Geopolitical, Strategic and Security Concerns for Pakistan

The strategic position of Pakistan makes it a by-product in the geopolitical realities of South Asia and elsewhere. The CPEC has been enhanced in a larger spectrum owing to the extensive coastline of Pakistan on the Indian Ocean. The IOR is a notable and influential seas which connects three continents and twenty-eight countries. It's warm waters are favourable to all-year-long commercial operations in the IOR (Baruah, 2021). Those changes brought about by the end of the cold war to the geopolitical landscape of the IOR were significant (Foster, 2006). This change gave rise to more emphasis on the issue of maritime security and the development of regional cooperation organizations like the Indian Ocean Rim Association (IORA). This change led to the greater attention to economic and trade relations when nations have realized the prospects of the IOR as a key trade route.

The BRI and the CPEC only increased the relevance of the region since it will give Pakistan a direct access to the IOR and allow it to become a major player in the trade and connectivity of the region. The CPEC has not only made Pakistan closer to China but also led to the increasing

levels of geopolitics in the region by the major powers of the world like the United States, Russia, and India. The strategic positioning of the IOR and the economic opportunities created by the CPEC are the catalysts of a power struggle and domination in the area. This has seen the IOR emerge as a major front of geopolitical contestation, with the nations fight over who is dominating the economic interests and military dominance in this important trade route.

In the current situation, India is leading India on the economic and military strength in the region over Pakistan. India also has a much stronger and superior naval fleet that has advanced weaponry supplied by Russia and this is more superior than Pakistan (Lalwani, et.al., 2021). The economy of Pakistan could not afford to spend additional finance on its military since the US has already declared that it is holding back essential military aid to Pakistan. It is on this context that Islamabad proceeded to the CPEC that may prove beneficial to the military, but the economy as well. That would place Pakistan in a better position compared to other countries, and that is why Pakistan expected that the adoption of China would shift the power balance in the region to its benefit. Therefore, the geopolitical interests of Pakistan can be traced in the CPEC.

CPEC is now considered to be one of the most significant projects that can be carried out by Pakistan to enhance its security and the economy. Through its association with China, Pakistan would be able to build a stronger role of the region and offset the politics of its long-time adversary, India. Pakistan faces security and strategic challenges of the greatest importance on the side of its neighbour and the security issues of Afghanistan and Iran (Lalwani and Haegeland, 2018). Specifically, India has been suspicious of the increasing power of China in the region and believes that the CPEC will become an offensive to its own national interests. Furthermore, Pakistani interests in Afghanistan and Iran should be linked to the unstable security situation in these two states which may lead to the spillover effects to the stability and territorial integrity of Pakistan. The relations between Pakistan and Iran and Afghanistan, however, never had any substance. In the American invasion of Afghanistan, Pakistan offered security bases to the US troops and gave the US air force the opportunity to attack Taliban using their airbases. As a response, Taliban suicide attacks in most Pakistani cities increased (Mir, 2022). On the same note, the Tehreek-e-Taliban Pakistan (TTP) also undertook hundreds of attacks against Pakistan especially in the provinces of KPK and Balochistan (Mir, 2022). Pakistan is accusing Afghanistan soil of launching the attacks and it has been protesting several times to the Taliban government of Afghanistan. These attacks demonstrated the fragile relations that Pakistan has with Afghanistan because Taliban and TTP managed to move freely and launch attacks even through the border.

There has been a level of inconsistency, and uncertainty in the diplomatic relations between Pakistan and Iran (Kfir, 2011). The interpersonal relations between the two nations were characterized by some level of fluctuation as there were some instances of peace juxtaposed with some incidences of mutual disparagement of each other in terms of offering support to the respective proxies against each other. The importance of the strong and close relations between Pakistan and Saudi Arabia cannot be underestimated, especially with the Iranian objections to this alliance (Kfir, 2011).

The Shia minority has been the main victim of sectarian violence across Khyber Pakhtunkhwa and Balochistan that has increased since 2010 (Rafiq, 2014; Asia Report, 2022). These acts of incidents have caused regional relations to sour and Tehran claims that Islamabad, and consequently Riyadh were involved in complicity or negligence. Iran accuses Pakistan of hosting the Sunni Baloch militant groups that are enemies of the Iranian state. On the other hand, Pakistan has been accusing Iran of hosting Baloch rebels who have been operating in the country

(Rehman, 2014). This mistrust reached its highest point in 2016 after the arrest of an alleged agent of the Research and Analysis Wing (RAW) of India close to the Pakistan-Iran border (Karim, 2022). Although the Pakistan-Iran relation is not characterized by the open military enmity (as witnessed between Pakistan and India) it is still very weak compared to Pakistan and China strategic relationship. To counter such tensions of cross-border type, Pakistan has strengthened its army to defend its borders. In this context, CPEC is an instrument of overcoming the issues of instability in the region by means of improved security measures and infrastructure.

China and Pakistan have established a strong military-strategic relationship to protect the China-Pakistan Economic Corridor (CPEC) against any threat in the region. This is not only in the aspect of infrastructure, but also entails the integration of defence agreements that substantially strengthen the military and naval capacities of Pakistan (Rajagopalan, 2021). China has overtaken the United States as the dominant weapon provider to Pakistan and this has been accelerated by the Trump administration which has cut off military aid (Malik & Ishtiaq, 2018; Abi-Habib, 2018). The most notable of these co-operations are the manufacture of sophisticated fighter jets, missiles and armoured vehicles. It is important to note that throughout 2017 to 2021, Beijing sold 72 percent of the large-scale arms needs of Islamabad with Pakistan taking almost half of the entire Chinese defence sales (Patranobis, 2022). The focal point of such a coalition is the JF-17 Thunder program, the sophisticated block-3 coming into service in 2022.

At the same time, CPEC has enabled a crucial growth of the maritime strength of Pakistan, covering the previous weak spots, including the 1971 naval blockade of Karachi (Gill, 2019). The Pakistan Navy is also increasing its deterrent posture, in comparison with India, by the purchase of eight advanced Chinese submarines and modern warships in China and Turkey (Kardon, 2020; Times, 2021). Islamabad formed a special unit called Task Force-88 (TF-88) that is a force of 400 marines to neutralize multi-dimensional surface and sub-surface threats to protect Gwadar Port and the adjacent Sea Lines of Communication (SLOCs) (Observer, 2021). Joint military drills, including those held in Shanghai, also make sure that the Pakistan Navy is ready to fight in the modern war on the sea (Ians, 2021). Likewise, Gwadar Port is not a new focus of the Chinese since the time of the very signing of CPEC. According to Pakistan, Gwadar port may become a global port city and the future financial centre and may attract investments of various states (Khan, 2018; Khetran, 2014). The construction and development of the Gwadar port has the potential to help Pakistan in a great deal in terms of security and economy. Many media outlets have accused China of construction of a naval base in Gwadar to safeguard its SLOCs and PLAN (Nigam, 2022; Sutton, 2020; Report, 2020). The strengthening of the naval bases in Gwadar on the other hand gives Pakistan the chance to play a more significant role in the different choke points that are critical both in commercial and strategic issues in the regions. Gwadar is a key strategic point between Pakistan and the Arabian Sea and acts as a transitory point to South Asia, the Middle East, Central Asia, and Iran amidst the escalating geopolitical rivalry in the Arabian Sea (Khetran, 2014). Islamabad has been actively looking to attract investment in the Gulf countries, and especially, Saudi Arabia promised to invest in Pakistan with a refinery and an oil plant costing 10 billion dollars to ease the financial burden on Pakistan (Yousafzai, 2019). Likewise, Iran has also been keen on the inclusion of CPEC, which is supported by its own multi-million dollars alliance with Beijing (Shahzad, 2018; CPEC, 2021). Such regional powers will give Pakistan greater strategic depth in the Indian Ocean. This change, however, takes place within the context of the regional power vacuum created by the withdrawal of the U.S. in Afghanistan, which is being occupied by China. Though an effective CPEC may

change the power equilibrium in the region dramatically, there are some important humanitarian issues. The growth of Chinese and Pakistani influence usually comes along with securitized policies, which complicate the situation in Balochistan, which is already in the state of insurgency and human rights crisis, pushing the locals to the background (Gholizadeh et al., 2020).

Conclusion

The China-Pakistan Economic Corridor (CPEC) is both the climax of Sino-Pakistani bilateralism and an experiment of the challenges of contemporary geo-economics. As this study has delved into, the project is characterized by a very conspicuous dichotomy: on the one hand, it provides a structural lifeline to a failing Pakistani economy; on the other hand, it is at the same time acting within a context of a lack of transparency which jeopardizes its long-term domestic authority. The veil of the Gwadar Port Agreement namely the 91-9% income share is not just a monetary fact but a representation of the gap in governance that has begun to mark the first decade of CPEC. The state has unwillingly created the atmosphere of suspicion, especially in Balochistan, by focusing on the negotiations that are driven by the elite instead of being supervised by the parliamentary institutions and being inclusive of the provinces. This is not transparent, which goes against the so-called game-changer narrative that the corridor is supposed to be.

Nevertheless, the perception of CPEC as the issue of a debt trap or lack of transparency is a factor that fails to consider the underlying geopolitical and strategic need that makes the project an existential requirement in Islamabad. The corridor is a multidimensional shield to Pakistan. It offers deterrence by association strategically in that it significantly entrenches the economic and security interests of a global superpower in its territory. Within a highly polarized regional environment, in which the United States and India have established a strong strategic relationship, CPEC will help guarantee that China has a vested interest in the stability of Pakistan. The emergence of Gwadar as an alternative to Karachi in terms of maritime strategy gives Pakistan the strategic depth to survive in case of any naval blockade essentially changing the maritime equilibrium in the North Arabian Sea.

In addition, the militarization of development in terms of Special Security Division (SSD) shows a state that tries to use the economic infrastructure to resolve long-term problems of internal security. Although this has been effective to secure the Chinese staff and property, the study indicates that security-first philosophy fails to work without a transparency-first philosophy. The shadowy aspects on the Silk Road are not by the infrastructure itself, but by the mechanisms that prevail on it. The diversion of the local stakes and secrecy of the sovereign guarantees have resulted in the lack of trust, which can be easily abused by the external adversaries. To ensure that CPEC ceases being a flow of enclaves and turns into a genuinely integrated national corridor, the Pakistani state is forced to tear the veil and adopt the model of inclusive governance instead.

All in all, CPEC is a historic gamble. In exchange of a level of financial and administrative openness, Pakistan has obtained an opportunity of modernization of its industry and a possibility to survive in terms of strategies. This gamble will work or not depending on whether the state is able to balance the needs of democratic accountability with its strategic motivations. Unless the governance gaps that have been observed with reference to the Gwadar Port Agreement are addressed with increased provincial involvement and transparency, the corridor will be the thorn in the flesh instead of the gateway to external wealth. To make the potential of CPEC open, Islamabad should make sure that the Silk Road is not only covered with the concrete and fiber-

optics, but also with the trust of people and the clarity of its contracts. It is then that the strategic needs of the state can meet the economic ambitions of its people ensuring that Pakistan is a firm centre of the changing global order.

References

- Abbas, H. (2021). CPEC and Pakistan Security Dilemma: Evaluation of Special Security Division. National Defence University Press.
- Ahmad, R., & Mi, H. (2017). China-Pakistan Economic Corridor and its social connotation to Pakistan: A review. *International Journal of Business and Social Science*, 8(5), 1523.
- Alam, M., et al. (2023). Gwadar Port and regional development under CPEC: Opportunities and challenges. *Journal of South Asian Studies*, 11(2), 45–63.
- Baloch, S. M. (2022). Dispossession and development: CPEC's impact on Baloch communities. *Third World Quarterly*, 43(8), 1854–1871.
- Brautigam, D. (2020). A critical look at Chinese 'debt-trap diplomacy': The rise of a meme. *Area Development and Policy*, 5(1), 1–14.
- Chaziza, M. (2019). China-Pakistan Economic Corridor (CPEC) and China Sea Power Strategy. *Journal of South Asian and Middle Eastern Studies*, 42(4), 56–77.
- Chin, G. T., & Gallagher, K. P. (2019). Coordinated credit spaces: The globalization of Chinese development finance. *Development and Change*, 50(1), 245–274. [*Newly added]
- Government of Pakistan. (2024). CPEC: Development Report and Development Perspectives. Ministry of Planning, Development and Special initiatives.
- Grare, F. (2017). Pakistan: The myths and realities of Chinese economic investment. *Carnegie Europe*. [*Newly added]
- Haider, Z., & Hussain, S. (2020). The lack of transparency in CPEC: An analysis of the agreement on Gwadar Port concession. *Pakistan Journal of Social Sciences*, 40(2), 112125.
- Husain, K. (2017). CPEC contracts, finances remain secret. *Dawn*, March 2017.
- Husain, K. (2020). Gwadar: The port city and its special economic zones. *Pakistan Institute of Development Economics*.
- Javaid, U. (2016). Analysing CPEC: Challenges and prospects. *Journal of the Research Society of Pakistan*, 53(2), 1–17.
- Javaid, U. (2016). The evaluation of CPEC: Economic and strategic aspects to Pakistan. *J Research Society of Pakistan*, 53(1), 1-15.
- Kalim, I. (2017). Geo-strategic significance of the China-Pakistan Economic Corridor. *Strategic Studies*, 37(1), 86–107.
- Kanwal, L. (2018). The Malacca Dilemma and the strategic significance of the Gwadar Port to China. *Strategic Studies Quarterly*, 38(3), 4562.
- Karrar, S. A. (2021). *New Silk Road Diplomacy: The Chinese Central Asian Foreign Policy since the Cold War*. University of British Columbia Press.
- Khan, A., & Ahmad, I. (2024). Revenue sharing and resource nationalism: Baluchistan in CPEC Phase II. *Journal of Contemporary Studies*, 13(1), 88104.
- Mehmood, S. (2021). Militarization of development: Pakistan Army role in CPEC infrastructure. *South Asian Studies Journal*, 36(1), 19–34.
- Pant, H. V. (2012). *The China syndrome: Grappling with an uneasy relationship*. HarperCollins.
- Pasha, H. A. (2018). *Agenda to Reforms: Growth and Inequality in Pakistan*. Friedrich-Ebert-Stiftung (FES).

- Ramachandran, S. (2022). The Gwadar Port: A Chinese Debt-Trap diplomacy or strategic imperative study? *The Diplomat*.
- Riaz, M., & Rahman, K. (2023). Getting the revenue cutoff to 91-9: Information asymmetry and consequences to the fiscal sovereignty of Pakistan. *Policy Perspectives*, 20(2), 67–85.
- Sehgal, I. (2016). CPEC: Geopolitical and geoeconomic perspectives. *Criterion Quarterly*, 11(4), 1–12.
- Shah, S. A. (2017). Chinese experts and Gwadar's development trajectory. *The News International*.
- Small, A. (2015). *The China-Pakistan axis: Asia's new geopolitics*. Oxford University Press.
- Small, A. (2020). *China-Pakistan Axis: New Geopolitics in Asia*. Oxford University Press.
- Weinbaum, M. G., & Harder, J. B. (2023). Pakistan's CPEC dilemma: Strategic gains and fiscal vulnerabilities. *Middle East Institute Policy Brief*.
- White, H. (2020). How China's naval expansion challenges India's Indian Ocean primacy. *Australian Strategic Policy Institute*.
- Wolf, S. O. (2019). *China-Pakistan Economic Corridor of the Belt and Road Initiative: Concept, Context and Assessment*. Springer Nature.