

CPEC AS A GEOPOLITICAL AND ECONOMIC INSTRUMENT: ANALYZING CHINA'S STRATEGIC INTERESTS AND PAKISTAN'S DEVELOPMENT OUTCOMES (2015-2026)

Aqsa Rani

Bachelor in Area Studies (China), National University of Modern Languages, Islamabad, Pakistan

aqsarani933@gmail.com

Corresponding Author: *

Aqsa Rani

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ABSTRACT

The China-Pakistan Economic Corridor (CPEC), a \$62 billion flagship initiative under China's Belt and Road Initiative, serves as a pivotal geopolitical and economic instrument for shaping the strategic partnership between China and Pakistan from 2015 to 2026. This study employs a qualitative, exploratory research design, utilizing comprehensive secondary data sources, including peer-reviewed literature, policy documents, and institutional reports, to analyze China's strategic motivations and Pakistan's development outcomes within the CPEC framework. Thematic content analysis revealed key themes, such as China's efforts to resolve the 'Malacca Dilemma,' absorb excess industrial capacity, and expand regional influence through enhanced connectivity and energy security. Concurrently, Pakistan's shift towards a geo-economic foreign policy is examined alongside critical development impacts, including energy security improvements, infrastructure modernization, employment generation, and regional integration. Despite these advances, the corridor faces significant challenges: escalating debt burdens threaten Pakistan's economic sovereignty, provincial disparities, particularly in Balochistan and Khyber Pakhtunkhwa, exacerbate socioeconomic inequalities, governance and transparency deficits undermine project legitimacy, and security threats necessitate extensive protective measures. Furthermore, geopolitical tensions, notably the Sino-Indian rivalry and territorial disputes over Gilgit-Baltistan, complicate the sustainability of the corridor. This study also highlights CPEC's strategic extensions into Afghanistan and Iran, reflecting China's broader regional integration strategy and Pakistan's evolving role as a regional hub. Policy recommendations emphasize governance reforms, equitable resource distribution, transparency enhancement, environmental safeguards, and proactive diplomacy to mitigate geopolitical risks. This integrated approach is essential for ensuring the CPEC's long-term viability and maximizing its socio-economic benefits, positioning the corridor as a cornerstone of China-Pakistan cooperation with profound implications for regional stability, economic growth, and the reshaping of geopolitical dynamics across South and Central Asia.

Keywords: China-Pakistan Economic Corridor, Geoeconomics, Debt Sustainability, Regional Integration, Governance Challenges, Geopolitical Tensions

1. INTRODUCTION AND CONTEXT

Background and Significance:

The China-Pakistan Economic Corridor (CPEC), valued at \$62 billion, is a transformative mega-project that integrates China's landlocked Xinjiang region with Pakistan's Arabian Sea via Gwadar Port, serving as the flagship corridor of China's Belt and Road Initiative (BRI) (Muzaffir Hussain* et al., 2026). This initiative is designed not only to reshape regional geopolitics by developing critical infrastructure, such as pipelines, highways, and railways, but also to enhance connectivity across Asia and beyond (I. Hussain & Ke -Professor, n.d.). Gwadar's strategic location near the Strait of Hormuz provides China with a vital alternative trade route, significantly reducing its dependence on the vulnerable Strait of Malacca and addressing the so-called 'Malacca Dilemma'—a critical vulnerability in China's energy supply chain (M. Khan et al., 2026) (Muzaffir Hussain* et al., 2026). The corridor symbolizes China's broader ambition to project power into the Indian Ocean region, secure energy supply chains, and expand its geopolitical influence (Muzaffir Hussain* et al., 2026)(A. Khan et al., n.d.). As in (McLaughlin, 2024) the CPEC is a linchpin in China's strategy to secure supply chains and project power in key global regions.

Problem Statement and Research Justification:

CPEC serves a dual role: as an economic catalyst for Pakistan's development and as a geopolitical instrument advancing China's strategic interests, creating complex dynamics that demand nuanced analysis (Issn et al., 2026) ("Geo-Economic Benefits of the CPEC Project for Pakistan," 2023). Pakistan's foreign policy has significantly evolved from a security-centric approach to one emphasizing geo-economic strategies, economic diplomacy, and regional integration (Issn et al., 2026). Understanding how the CPEC navigates and balances these dual roles is essential for assessing its impact on regional stability and development trajectories. The corridor's strategic significance is grounded in classical geopolitical theories such as Heartland and Rimland, yet its operation reflects a paradigm shift towards critical geopolitics and geo-economics, highlighting the fusion of economic and strategic

objectives in contemporary international relations (I. Hussain & Ke -Professor, n.d.) (Manhas et al., 2025).

2. Methodology

Research Design:

This study employs a qualitative research design to explore the geopolitical and economic dimensions of the China-Pakistan Economic Corridor (CPEC) from 2015 to 2026. This methodology integrates a comprehensive review of secondary data sources, including peer-reviewed journal articles, government and institutional reports, policy documents, and authoritative media publications, to develop a nuanced understanding of China's strategic interests and Pakistan's development outcomes within the CPEC framework (Muzaffir Hussain* et al., 2026) (McLaughlin, 2024).

Data Collection:

Secondary data were systematically collected from academic literature, official reports, and policy analyses focusing on CPEC, the Belt and Road Initiative (BRI), and regional geopolitical dynamics. Sources include multidisciplinary perspectives addressing the economic, strategic, social, and environmental aspects of the CPEC, emphasizing themes such as energy security, infrastructure development, debt sustainability, governance challenges, and regional integration.

Nature of Study:

This research is analytical and exploratory in nature, aiming to examine the evolving dynamics between China and Pakistan within the framework of the China-Pakistan Economic Corridor (CPEC). It focuses on identifying key themes, such as geopolitical strategies, economic development, and regional integration. The exploratory aspect allows for uncovering new insights into the multifaceted impacts and strategic motivations behind the CPEC from 2015 to 2026. This approach facilitates a comprehensive understanding of both countries' interactions and policy orientations amid shifting regional and global contexts. The study relies on diverse secondary sources to provide a balanced and nuanced analysis

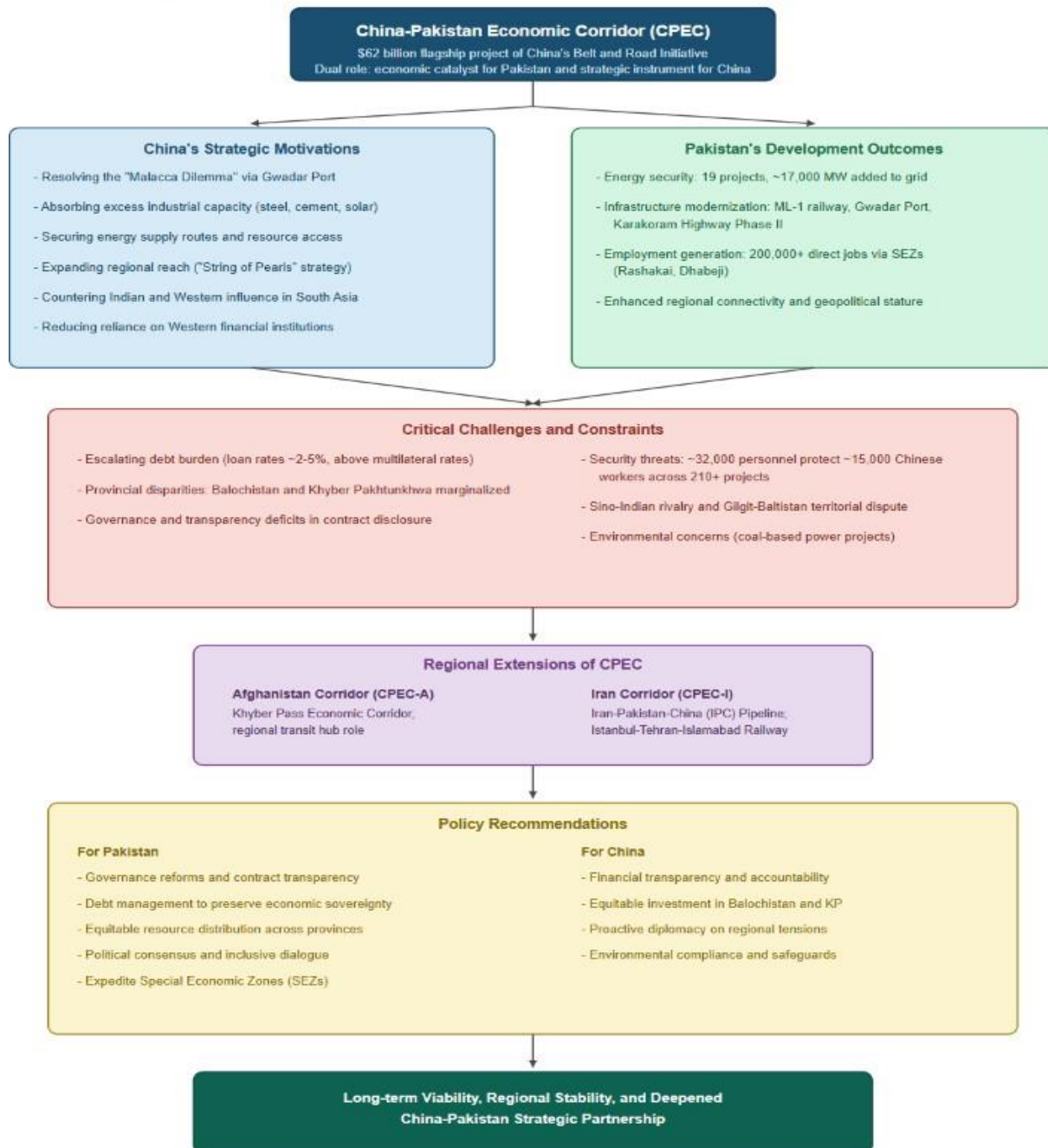
Data Analysis:

This study employed thematic content analysis to interpret the collected secondary data. The sources, comprising peer-reviewed articles, policy documents, official reports, and media publications, were systematically reviewed and coded into recurring themes, such as diplomatic engagement, security cooperation, trade integration, and regional connectivity. This approach facilitates the synthesis of complex geopolitical and economic information, enabling the identification of policy trends and highlighting areas of convergence or divergence between China and Pakistan within the CPEC framework (I. Hussain & Ke -Professor, n.d.)(Manhas et al., 2025).Patterns and themes

were compared across multiple sources to ensure the consistency and reliability of the findings. The analysis maintained objectivity by incorporating diverse scholarly perspectives, including both Pakistani and Afghan viewpoints, to achieve a balanced representation of regional dynamics. This thematic analysis underpins the study's exploration of key motifs such as China's 'Go West' strategy, the 'Malacca Dilemma,' Sino-Indian rivalry, energy security, infrastructure modernization, employment generation, provincial equity, and governance transparency, providing a comprehensive understanding of the multifaceted impacts and strategic dimensions of CPEC.



Figure: Conceptual Framework of the China-Pakistan Economic Corridor (CPEC), 2015-2026

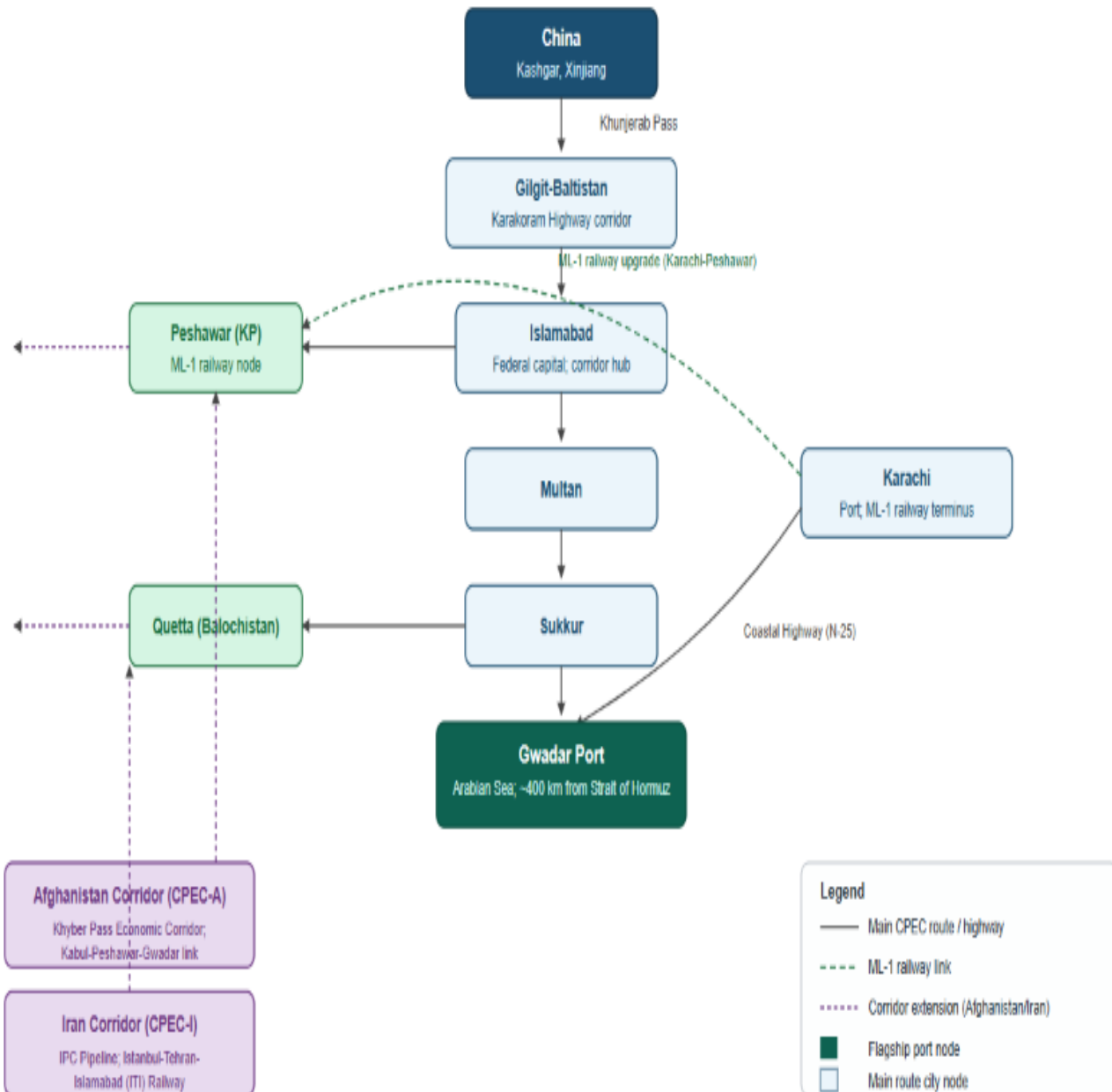


Source: Compiled by the author, synthesizing the thematic content analysis presented in this study, drawing on Hussain et al. (2026), Khan et al. (2026), McLaughlin (2024), Manhas et al. (2025), Santos and Costa (2026), Issn et al. (2026), and other sources cited throughout the article.

Note: Figure developed for illustrative purposes to summarize the study's conceptual framework; refer to the article's in-text citations for complete referencing of individual claims.

Figure: Schematic Route Map of the China-Pakistan Economic Corridor (CPEC) and Its Extensions

(Schematic representation of key corridor nodes; not drawn to scale and does not depict precise geographic boundaries)



Source: Compiled by the author based on route and infrastructure details described in this study, drawing on Hussain et al. (2026), Khan et al. (2026), McLaughlin (2024), and Santos and Costa (2026).

3. Analysis and Discussion of Findings

The Goeconomic Turn in Foreign Policy:

Pakistan's foreign policy has undergone a significant paradigm shift, moving away from a predominantly military-strategic focus to prioritizing economic cooperation as a core instrument of statecraft. This evolution redefined foreign policy as a multifaceted tool aimed at securing national interests through infrastructure development, investment, and trade facilitation rather than relying solely on military means (Aleem & Raza, 2026) (Issn et al., 2026). This shift aligns with broader global trends, where contemporary power is increasingly defined by control over trade routes, capital flows, and strategic infrastructure, reflecting a fusion of economic and security considerations (Issn et al., 2026). The goeconomic approach underscores the strategic use of economic resources and connectivity projects to achieve geopolitical objectives, marking a transition from traditional geopolitics to a more nuanced interplay of goeconomics and critical geopolitics (I. Hussain & Ke -Professor, n.d.).

CPEC Within the Broader BRI Framework:

CPEC occupies a central role within China's Belt and Road Initiative (BRI), positioning Pakistan as a pivotal regional hub that extends Chinese influence across South, Central, and West Asia (Muzaffir Hussain* et al., 2026) (Santos & Costa, 2026) (Mehmood, 2025). The BRI embodies a strategic blend of geopolitics and geo-economics, seeking to enhance regional connectivity and economic interdependence through large-scale infrastructure and trade projects. The CPEC specifically links the Indian Ocean to landlocked Central Asia, facilitating access to new markets and resources while promoting regional integration ((I. Hussain & Ke -Professor, n.d.)(Waqas & Ur Rehman, 2025). This integration fosters economic corridors that transcend bilateral ties, embedding Pakistan within a broader network of economic and strategic partnerships that underpin China's vision of regional and global connectivity (Manhas et al., 2025) (Waqas & Ur Rehman, 2025).

Conceptualizing Strategic Interdependence:

The CPEC embodies a complex form of strategic interdependence between China and Pakistan, which raises critical questions about the nature and balance of this relationship. While the corridor facilitates mutual economic and strategic benefits, there is an ongoing debate about whether the interdependence it creates is truly reciprocal or asymmetrical, potentially enhancing China's leverage over Pakistan ("Geo-Economic Benefits of the CPEC Project for Pakistan," 2023). Pakistan positions itself as a middle power navigating external constraints by selectively engaging with global initiatives such as the CPEC, balancing its sovereignty concerns with the benefits of economic integration (Issn et al., 2026). This dynamic interdependence is embedded within a broader framework of regional connectivity and economic corridors that extend beyond bilateral ties, reinforcing Pakistan's integration into China's expansive Belt and Road Initiative (BRI) vision (Manhas et al., 2025) (I. Hussain & Ke -Professor, n.d.) (Waqas & Ur Rehman, 2025). Strategic interdependence thus reflects not only economic cooperation but also the geopolitical calculus shaping the bilateral partnership, where infrastructure development, trade connectivity, and political alignment converge to redefine regional power configurations.

Economic Motivations:

China's economic growth has been heavily concentrated in its eastern provinces, leading to regional disparities and the marginalization of its western region, Xinjiang. CPEC aims to integrate Xinjiang into global supply chains and stimulate industrial development, thereby promoting economic prosperity and mitigating ethnic tensions (Muzaffir Hussain* et al., 2026) (M. Hussain & Jamali, 2019) (Gholizadeh et al., 2020). This strategy aligns with China's broader vision of balancing internal development while securing its western frontiers. CPEC functions as an outlet for China's surplus industrial capacity, especially in sectors such as cement, steel, aluminum, and solar energy products. Chinese investors utilize concessional loans and channel foreign exchange reserves into

CPEC projects, which offer higher returns than traditional investments such as US Treasury Bills (McLaughlin, 2024) (Gholizadeh et al., 2020). This mechanism supports China's economic restructuring by exporting capital and industrial capacities.

Through the CPEC, China gains access to mineral resources in Pakistan, Afghanistan, and Iran, diversifying its resource base and reducing its dependency on traditional markets. The corridor also opens new markets for Chinese firms, expanding economic interdependence within the region (F. Hussain & Hussain, 2017) (McLaughlin, 2024). This diversification is critical to China's long-term economic security and global trade ambitions.

Geopolitical and Strategic Motivations:

With approximately 80% of China's oil imports transiting the vulnerable Strait of Malacca, CPEC and Gwadar Port provide critical alternative overland routes. This reduces the transit distance from approximately 12,000 km to 3,000 km, significantly enhancing China's energy security by mitigating the risks associated with maritime chokepoints (Muzaffir Hussain* et al., 2026) (M. Hussain & Jamali, 2019). Gwadar Port is a strategic node in China's 'String of Pearls' strategy, enabling China to monitor and potentially contain naval activity in the Arabian Sea and Indian Ocean. This expands China's strategic reach and supports its ambition to project power beyond its immediate periphery ((Muzaffir Hussain* et al., 2026) (Garlick, 2018). A stable and economically integrated Pakistan is vital for China as a gateway to the Indian Ocean, serving as a counterbalance to Indian influence in the region. This partnership strengthens China's strategic depth in South Asia and supports its broader geopolitical goals ((Muzaffir Hussain* et al., 2026) (Garlick, 2018). The BRI, including the CPEC, aims to reduce Asia's reliance on Western financial institutions by promoting Chinese-led alternatives, such as the Asian Infrastructure Investment Bank. This shift has enhanced China's influence on regional economic governance (McLaughlin, 2024) (M. Khan et al., 2026). The CPEC acts as a critical link connecting

South Asia, Central Asia, and the Middle East, facilitating regional economic integration and trade connectivity. This enables access to new markets and resources, fostering economic corridors that extend beyond bilateral relations ("Geo-Economic Benefits of the CPEC Project for Pakistan," 2023) (Manhas et al., 2025). By deepening the China-Pakistan alliance through CPEC, China seeks to establish a strategic buffer against Indian and Western influence in South Asia. This corridor elevates Pakistan's geopolitical relevance, allowing it to act as a counterweight in regional power balances and providing China with strategic depth (Muzaffir Hussain* et al., 2026) (A. Khan et al., n.d.). CPEC is a flagship project within the broader Belt and Road Initiative, underpinning China's ambition to reshape global trade routes and establish a multipolar world. The corridor's infrastructure and energy projects secure supply chains, expand influence and project power across key global regions (M. Khan et al., 2026) (Muzaffir Hussain* et al., 2026) (Manhas et al., 2025).

3.1 Pakistan's Development Outcomes: Economic, Social, and Strategic Assessment (2015-2026)

Energy Security and Economic Growth:

CPEC has been pivotal in alleviating Pakistan's chronic energy shortages, which is a major constraint on its economic development. The corridor encompasses 19 energy projects spanning the coal, hydropower, solar, and wind sectors, aimed at diversifying Pakistan's energy mix and significantly increasing generation capacity (McLaughlin, 2024) (M. Khan et al., 2026). China's investment of approximately \$34 billion targets adding 17,000 MW to Pakistan's grid, which is estimated to contribute to 2-3% annual GDP growth (A. Khan et al., n.d.) (Muzaffir Hussain et al., 2026) (I. Hussain & Ke - Professor, n.d.). This expansion has stabilized the power supply, fostering industrialization and economic productivity (Issn et al., 2026) (Manhas et al., 2025).

Infrastructure Modernization:

CPEC infrastructure development focuses on enhancing transportation and connectivity. Key

projects include the upgrade of the Karakoram Highway Phase II, the Main Line-1 (ML-1) railway from Karachi to Peshawar, and the transformation of Gwadar Port into a major maritime hub (Hussain et al., n.d.; Geo-economics Foundations of the Pakistan-China Strategic Partnership.pdf). The Asian Development Bank's \$8 billion loan commitment to the ML-1 railway underscores international support for these modernization efforts (A. Khan et al., n.d.) (12). Gwadar Port's increased capacity is expected to reduce reliance on the congested Karachi Port, further strengthening China-Pakistan economic ties (A. Khan et al., n.d.) (M. Khan et al., 2026)

Employment and Industrial Development:

CPEC is expected to generate over 200,000 direct jobs by 2025, predominantly benefiting Pakistan's youth demographic (Muzaffir Hussain et al., 2026) (I. Hussain & Ke -Professor, n.d.). The establishment of Special Economic Zones (SEZs), including Rashakai and Dhabeji, attracts Chinese manufacturing firms, capitalizing on Pakistan's competitive labor costs, thereby promoting industrial growth and technology transfer (Muzaffir Hussain* et al., 2026). Additionally, thousands of Pakistani students trained in China return with skills that bolster entrepreneurship and innovation, further stimulating socio-economic development (Muzaffir Hussain et al., 2026) (Manhas et al., 2025).

Regional Geopolitical Position:

CPEC enhances Pakistan's strategic location as a critical bridge linking South Asia, Central Asia, and the Middle East. This elevates Pakistan's geopolitical stature, positioning it as a counterbalance to Indo-US alignments, with aspirations to transition from a lower-middle-income to an upper-middle-income country by 2025 ((Muzaffir Hussain et al., 2026)(M. Hussain & Jamali, 2019). The corridor facilitates Pakistan's emergence as a regional connectivity hub, fostering trade and economic linkages across Asia, the Middle East, and Europe (Shahrukh Hayat et al., 2025) (Issn et al., 2026)

Critical Challenges and Concerns:

Concerns persist regarding Pakistan's escalating debt burden from Chinese loans, with interest rates ranging from 2-2.5% below market rates to 5%, which surpasses rates from multilateral institutions like the World Bank and IMF (McLaughlin, 2024) (M. Khan et al., 2026). This raises questions about Pakistan's long-term economic sovereignty and financial stability (Farooq & Khawaja, n.d.) ("Geo-Economic Benefits of the CPEC Project for Pakistan," 2023).

The unequal distribution of CPEC projects, disproportionately favoring Punjab over provinces such as Balochistan and Khyber Pakhtunkhwa, has led to provincial boycotts and alienation. The marginalization of resource-rich Balochistan highlights the imperative for inclusive development policies and equitable resource allocation (Muzaffir Hussain et al., 2026) (I. Hussain & Ke -Professor, n.d.).

Transparency deficits persist in CPEC agreements, with limited public access to contract details and insufficient consultation with local communities in Pakistan. Political disagreements over route selection and resource sharing among provinces further challenge the project's legitimacy and sustainability ("Geo-Economic Benefits of the CPEC Project for Pakistan," 2023) (Farooq & Khawaja, n.d.).

Terrorism, extremism, and separatist movements pose significant threats to CPEC's infrastructure and personnel. Approximately 32,000 security personnel have been deployed to protect around 15,000 Chinese workers engaged in over 210 projects nationwide, underscoring the high security stakes (F. Hussain & Hussain, 2017) (I. Hussain & Ke -Professor, n.d.)

3.2 The Geopolitical Crucible: Regional Dynamics and Rivalries:

The Sino-Indian Rivalry and CPEC

The routing of CPEC through Gilgit-Baltistan, a territory claimed by India, remains a critical geopolitical flashpoint. India rejects the Belt and Road Initiative (BRI) partly because of this territorial dispute and has actively promoted alternative connectivity projects such as the India-Middle East-Europe Economic Corridor

(IMEC)(Gill, 2019). This has contributed to a fragmented regional order characterized by competing geopolitical and economic blocs, complicating the corridor's acceptance and fueling regional tensions (Muzaffir Hussain et al., 2026) (I. Hussain & Ke -Professor, n.d.) India perceives CPEC as an element of China's broader 'String of Pearls' strategy, aimed at encircling and constraining Indian influence in the Indian Ocean Region (McLaughlin, 2024); (M. Hussain & Jamali, 2019). The strategic development of Gwadar Port and the increasing Chinese naval presence in the Arabian Sea are viewed by India as direct challenges to its maritime dominance and regional security(Gill, 2019) .

Regional Constraints and External Opposition

Pakistan faces significant internal challenges that impede the full realization of the CPEC's potential. These include persistent extremism, feelings of deprivation among marginalized provinces, political instability, and a lack of consensus regarding project routes and resource allocation. Such internal fissures threaten the cohesion, legitimacy, and sustainability of the corridor (Farooq & Khawaja, n.d.) (I. Hussain & Ke -Professor, n.d.) Multiple external actors, including Afghanistan, Iran, India, the United Arab Emirates, and the United States, present various forms of opposition or constraints to the CPEC's implementation. These actors employ diplomatic, economic, and strategic measures aimed at disrupting or counterbalancing the corridor's progress, adding layers of complexity to its geopolitical environment (Farooq & Khawaja, n.d.) (M. Hussain & Jamali, 2019).

CPEC Extensions: Afghanistan and Iran Corridors

Afghanistan's geostrategic location offers potential as a regional transit hub, facilitating connectivity for the Central Asian Republics and establishing new trade routes. The Khyber Pass Economic Corridor (KPEC), announced in 2016, involves the construction of the Kabul-Peshawar-Islamabad-Gwadar Road as a key segment of CPEC-A. Following the Taliban's return to power in 2021, Afghanistan has pursued a foreign policy centered on multipolar integration. CPEC

provides Afghanistan with opportunities to attract foreign investment and finance infrastructure and energy projects, positioning it as a regional hub (Santos & Costa, 2026) (M. Hussain & Jamali, 2019).

Iran's strategic position at the confluence of the Persian Gulf, Gulf of Oman, and Caspian Sea is vital for the CPEC's westward expansion. The Iran-Pakistan-China (IPC) Pipeline, despite facing US secondary sanctions, is a critical energy component in diversifying China's energy security. China and Pakistan announced the development of the Istanbul-Tehran-Islamabad (ITI) railway corridor and the Nokundi-Mashkel-Panjgur Road to enhance connectivity with Iran. For China, Iran represents an energy-rich market and a geographical bridge to the Middle East, Caucasus and potentially Europe. For Pakistan, integration with CPEC-Iran strengthens its vision of becoming a regional geo-economic hub (Santos & Costa, 2026) (M. Hussain & Jamali, 2019).

3.3 CPEC's Evolution: From Infrastructure to Socio-Economic Development:

Phase 1 (2015-2021): Hard Infrastructure Focus

The initial phase of the CPEC concentrated on developing foundational hard infrastructure critical for enhancing connectivity and energy security in Pakistan. This included the construction of roads, power plants, and port facilities, which addressed long-standing bottlenecks such as chronic energy shortages and inadequate transportation networks (Muzaffir Hussain* et al., 2026) (M. Khan et al., 2026). These projects laid the groundwork for Pakistan's capacity building in key sectors, enabling smoother trade flows and stabilizing the energy supply, which are essential for economic growth and industrialization.

Phase 2 (2021-2026): Socio-Economic and Digital Transformation

Building on the infrastructure foundation established in Phase 1, Phase 2 emphasizes socioeconomic development, industrialization, and digital connectivity. The operationalization of Special Economic Zones (SEZs), such as Rashakai and Dhabeji, aims to attract Chinese manufacturing firms by leveraging Pakistan's

competitive labor costs. This phase focuses on export-oriented industrial growth, the integration of Pakistan into Chinese-led supply chains, and fostering technology transfer to achieve sustainable economic gains. Despite the positive trajectory, concerns regarding debt sustainability and governance transparency remain critical challenges that could affect the CPEC's long-term success (Muzaffir Hussain* et al., 2026); (M. Khan et al., 2026)(Jahanzaib & Khan, 2024).

3.4 Challenges and Future Prospects (Towards 2026):

Security and Infrastructure Protection

A resilient security framework is vital for the CPEC's sustained success, especially as the project advances into its socio-economic and industrial development phases. Joint Pakistan-China security mechanisms have been established to safeguard critical infrastructure, technology hubs, and industrial parks from threats such as terrorism, extremism, and separatist movements. Approximately 32,000 security personnel are deployed nationwide to protect around 15,000 Chinese workers engaged in over 210 projects, underscoring the high security stakes involved (Muzaffir Hussain et al., 2026) (I. Hussain & Ke -Professor, n.d.).

Environmental and Social Safeguards

Sustainability concerns necessitate strict adherence to environmental standards and the mitigation of adverse impacts on local communities. Environmental assessments are crucial for addressing issues related to displacement, pollution, and resource allocation. Despite their economic benefits, coal-based power projects under the CPEC raise concerns regarding greenhouse gas emissions and long-term environmental impacts (Surahio et al., 2022).

Managing Geopolitical Tensions

The intensifying Sino-Indian rivalry poses significant risks to the CPEC's economic objectives. India's objections to the corridor's route through Gilgit-Baltistan, a territory claimed by India, and the broader regional competition introduce geopolitical constraints that Pakistan

and China must navigate carefully. India perceives CPEC as part of China's 'String of Pearls' strategy aimed at constraining Indian influence in the Indian Ocean Region (Jahanzaib & Ahmed, 2024) (Muzaffir Hussain et al., 2026) (McLaughlin, 2024)).

Addressing Provincial Equity

The equitable distribution of CPEC benefits is critical to preventing local alienation, particularly in underdeveloped regions such as Balochistan and Khyber Pakhtunkhwa. The disproportionate allocation of projects favoring Punjab has incited provincial boycotts and grievances, highlighting the need for inclusive resource allocation and prioritization of the "Western Route" to foster national cohesion (I. Hussain & Ke -Professor, n.d.) (Farooq & Khawaja, n.d.).

Addressing Provincial Equity (Expanded)

The equitable distribution of CPEC benefits remains a critical challenge for Pakistan's national cohesion and the corridor's long-term sustainability. The current disproportionate allocation of projects heavily favors Punjab, Pakistan's most populous and politically dominant province, which has incited boycotts and grievances from less developed regions such as Balochistan and Khyber Pakhtunkhwa (Hussain et al., n.d.; (I. Hussain & Ke -Professor, n.d.) (Farooq & Khawaja, n.d.). This uneven development exacerbates existing socio-economic disparities and fuels local alienation, particularly in resource-rich but underdeveloped Balochistan, which hosts the strategically vital Gwadar Port but receives comparatively fewer investments. Addressing these imbalances requires inclusive development policies that prioritize equitable resource allocation, with special emphasis on operationalizing the "Western Route" of CPEC to integrate marginalized provinces more effectively into national economic growth and to foster political stability (Muzaffir Hussain et al., 2026) (I. Hussain & Ke -Professor, n.d.). Failure to do so risks undermining the legitimacy and social acceptance of the CPEC, potentially destabilizing the corridor's security environment and impeding Pakistan's broader geo-economic ambitions.

3.5 Policy Recommendations

For Pakistan: Implement governance reforms to reduce bureaucratic inertia and enhance transparency in project management and contract disclosure, ensuring accountability and public trust (Muzaffir Hussain et al., 2026).Expediting the operationalization of Special Economic Zones (SEZs), such as Bostan and Rashakai, to stimulate local employment, industrialization, and technology transfer, leveraging Pakistan's competitive labor market (Muzaffir Hussain et al., 2026).Comprehensive debt management strategies should be developed to ensure sustainable returns on CPEC investments, mitigate risks related to loan repayments, and preserve economic sovereignty (McLaughlin, 2024).Foster political consensus among provinces and civil society to align on CPEC's direction, benefits, and equitable resource distribution, address regional disparities, and reduce local alienation ("Geo-Economic Benefits of the CPEC Project for Pakistan," 2023).

For China: Enhancing transparency and accountability regarding project financing, contractual terms, and long-term commitments to build trust and legitimacy with Pakistani stakeholders and the broader international community ("Geo-Economic Benefits of the CPEC Project for Pakistan," 2023).Ensure the equitable distribution of CPEC benefits beyond traditional centers, particularly focusing on underrepresented and resource-rich regions such as Balochistan and Khyber Pakhtunkhwa to promote inclusive development (I. Hussain & Ke-Professor, n.d.).Pakistan should engage proactively in strategic diplomacy to manage regional concerns and Sino-Indian tensions, promote stability in South Asia, and mitigate the geopolitical risks associated with the corridor (Muzaffir Hussain* et al., 2026).Prioritize environmental compliance across all CPEC projects by enforcing rigorous environmental assessments and mitigation measures to ensure sustainable development and minimize ecological impact (Muzaffir Hussain et al., 2026).

Enhancing Regional Integration and Strategic Diversification

CPEC's extensions into Afghanistan and Iran exemplify China's strategic intent to broaden regional integration and diversify its geopolitical influence beyond the immediate China-Pakistan axis. The Afghanistan corridor (CPEC-A) leverages Afghanistan's geostrategic position as a transit hub to Central Asia, facilitating new trade routes and investment opportunities amid Afghanistan's evolving multipolar foreign policy orientation (Muzaffir Hussain et al., 2026). Similarly, the Iran corridor (CPEC-I) strengthens connectivity to the energy-rich Middle East and links broader West Asian and Eurasian markets through projects such as the Iran-Pakistan-China (IPC) Pipeline and the Istanbul-Tehran-Islamabad (ITI) railway corridor (Santos & Costa, 2026). These expansions not only enhance Pakistan's geo-economic stature by positioning it as a regional connectivity hub but also reinforce China's multipronged strategy for securing energy resources and trade routes (Santos & Costa, 2026) (I. Hussain & Ke-Professor, n.d.).

4. Conclusion

The China-Pakistan Economic Corridor (CPEC) is a transformative megaproject that serves as a vital economic lifeline for Pakistan and a strategic instrument for China's regional ambitions. From 2015 to 2026, the CPEC delivered significant infrastructure development, expanded energy capacity, and created employment opportunities, thereby contributing to Pakistan's economic growth and regional connectivity. CPEC's development has facilitated enhanced trade routes by linking Gwadar Port to China's Xinjiang region, thereby reducing transit times and costs for Pakistan. The corridor also plays a crucial role in energy cooperation by addressing Pakistan's chronic power shortages through the establishment of multiple energy projects. CPEC fosters regional integration by promoting economic collaboration among neighboring countries, positioning Pakistan as a key economic hub in South Asia (Muzaffir Hussain* et al., 2026) (Manhas et al., 2025). The evolution of the corridor from a focus on hard infrastructure to socio-economic and digital transformation phases

underscores its potential to foster inclusive prosperity. However, the CPEC also presents critical challenges that must be addressed to realize its full potential. Debt sustainability concerns highlight the need for prudent financial management to protect Pakistan's long-term economic sovereignty (McLaughlin, 2024). Provincial inequalities and local alienation in regions such as Balochistan and Khyber Pakhtunkhwa are significant challenges stemming from uneven development and the disproportionate distribution of resources. Despite being rich in natural resources, these areas often experience underdevelopment due to factors such as inadequate infrastructure, limited access to education and healthcare, and political marginalization. This disparity fuels feelings of neglect and exclusion among local populations, undermining social cohesion and fostering resentment towards central authorities. Addressing these issues requires not only equitable resource allocation but also tailored development policies that recognize the unique socio-economic and cultural contexts of these provinces (I. Hussain & Ke -Professor, n.d.). Ensuring inclusive development in resource-rich but underdeveloped regions is essential for maintaining national cohesion and state legitimacy. Policies must prioritize participatory governance, allowing local communities to have a voice in decision-making processes related to resource management and developmental initiatives. By promoting transparency and accountability, the government can build trust and reduce the perception of exploitation or neglect. Ultimately, a balanced approach that combines economic investment with social inclusion will help mitigate local alienation, strengthen provincial integration, and support a more stable and unified national framework (I. Hussain & Ke -Professor, n.d.). Governance and transparency issues, including limited public access to contract details and insufficient stakeholder consultation, challenge project sustainability and require reforms to enhance accountability ("Geo-Economic Benefits of the CPEC Project for Pakistan," 2023). Geopolitical tensions, particularly the Sino-Indian rivalry and objections over territorial claims such as Gilgit-

Baltistan, add complexity to the corridor's environment and its development. Proactive strategic diplomacy is essential for managing these regional concerns and mitigating geopolitical risks, thereby promoting stability in South Asia (Muzaffir Hussain* et al., 2026). Environmental compliance is equally critical; rigorous environmental assessments and mitigation measures must be enforced to ensure sustainable development and minimize ecological impacts, particularly given concerns related to coal-based power projects under the CPEC (Muzaffir Hussain et al., 2026). The extension of the CPEC into Afghanistan and Iran demonstrates China's commitment to broader regional integration and diversification of strategic influence, enhancing Pakistan's geo-economic stature and connectivity with Central and West Asia (Santos & Costa, 2026). Successfully achieving CPEC's objectives will require addressing internal governance challenges, managing external geopolitical rivalries, and ensuring that development outcomes are inclusive and equitable for marginalized communities. This integrated approach will strengthen CPEC's legitimacy, sustainability, and contribution to Pakistan's economic development and regional stability, positioning it as a cornerstone of China-Pakistan cooperation within the Belt and Road Initiative framework (I. Hussain & Ke -Professor, n.d.) (McLaughlin, 2024) (Muzaffir Hussain* et al., 2026).

Ethical Consideration

This study relied exclusively on secondary data sources, including peer-reviewed articles, official reports, and policy documents, thereby minimizing any direct ethical risks associated with primary data collection. The use of publicly available and credible materials ensures respect for intellectual property rights and confidentiality of the data. This research maintains academic integrity by accurately citing all sources and presenting a balanced analysis that incorporates diverse scholarly perspectives, avoiding bias and misrepresentation. Ethical rigor was upheld by transparently addressing the limitations of secondary data and emphasizing interpretive

analysis without compromising the objectivity or validity of the findings.

Limitations

This study relied exclusively on secondary data, which may introduce limitations related to data availability, transparency, and the evolving geopolitical context. Consequently, the analysis is interpretive and contextual, aiming to provide a comprehensive and critical overview rather than an empirical quantification.

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