

## China Pakistan Economic Corridor: An Unfolding Fiasco in World Economy

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**Abstract :** On 22nd May 2013 Chinese Premier Li Keqiang on his visit to Pakistan tabled a proposal for connecting Kashgar in China's Xinjiang Uygur Autonomous Region with the south-western Pakistani seaport of Gwadar via the China Pakistan Economic Corridor (hereinafter referred to as CPEC). The project, popularly termed as 'One Belt One Road' will encompass within it a connectivity component including a 3000-kilometre road, railways and oil pipeline from Kashgar to Gwadar port along with an international airport and a deep sea port. Superficially, this may look like a 'game changer' for Pakistan and other countries of South Asia but this article by doctrinal method of research will unearth some serious flaws in it, which may change the entire economic system of this region heavily affecting the socio-economic conditions of South Asia, further complicating the complete geopolitical situation of the region disturbing the world economic stability. The paper besets with a logical analyzation of the socio-economic issues arising out of this project with an emphasis on its impact on the Pakistani and Indian economy due to Chinese dominance, serious tension in international relations, security issues, arms race, political and provincial concerns. The research paper further aims to study the impact of huge burden of loan given by China towards this project where Pakistan already suffers from persistent debts in the face of declining foreign currency reserves along with that the sovereignty of Pakistan will also be at stake as the entire economy of the country will be held hostage by China. The author compares this situation with the fallout from projects in Sri Lanka, Tajikistan, and several countries of Africa, all of which are now facing huge debt risks brought by Chinese investments. The entire economic balance will be muddled by the increment in Pakistan's demand of raw materials resulting to the import of the same from China, which will lead to exorbitant price-hike and limited availability. CPEC will also create Chinese dominance over the international movement of goods that will take place between the Atlantic and the Pacific oceans and hence jeopardising the entire economic balance of South Asia along with Middle Eastern countries like Dubai. Moreover, the paper also analyses the impact of CPEC in the context of international unrest and arms race between Pakistan and India as well as India and China due to border disputes and Chinese surveillance. The paper also examines the global change in economic dynamics in international trade that CPEC will create in the light of U.S.-China relationship. The article thus reflects the grave consequences of CPEC on the international economy, security and bilateral relations, which surpasses the positive impacts of it. The author lastly suggests for more transparency and proper diplomatic planning in the execution of this mega project, which can be a cause of economic complexity in international trade in near future.

**Keywords :** China, CPEC, international trade, Pakistan

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