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# A DECADE OF CPEC: Unveiling the Benefits to Pakistan and Charting the Future Direction

**By Rao Muhammad Ali Khan, Research Associate,  
MUSLIM Institute (Islamabad - London)**

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Over the past decade, the China-Pakistan Economic Corridor (CPEC) has emerged as a transformative economic initiative that has fostered a robust partnership between China and Pakistan. Construction of modern roads and highways, such as the Peshawar-Karachi motorway, the Gwadar East-Bay Expressway, Karakoram Highway PH2 has significantly improved transportation within the country. These infrastructural improvements have not only reduced travel times but also boosted trade and commerce between different regions. In the past, energy crisis crippled Pakistan, hampering its economic growth. CPEC played a crucial role in alleviating this issue by developing coal, wind, solar and hydel power plants that added 11,400 MW to the national grid (**Table 2**).

Gwadar Port, operational since March 2018, holds immense strategic importance for Pakistan, offering a potential gateway for trade with Central Asia, the Middle East, and Africa<sup>1</sup>.

Gwadar Port development has transformed it into a deep-sea port capable of handling larger vessels its strategic location offers immense opportunities for Pakistan to become a regional trade and transit hub (first ship carrying Afghan transit trade arrived on 14th Jan 2020)<sup>2</sup>.

Establishment of four Special Economic Zones (SEZs) across Pakistan, out of initial proposal of nine priority zones, has attracted foreign direct investment<sup>3</sup>. Though still under development, focusing on less developed areas these SEZs have generated thousands of job opportunities, bolstered local economy, contributed to regional economic development, and helped bridge the development gap between different provinces.

Completion of KKH Ph2 has strengthened economic ties between China and Pakistan by securing and upgrading existing transportation network<sup>4</sup>. This connectivity has not only increased bilateral trade but also opened new avenues for economic cooperation and people-to-people exchanges.

*Focused on developing less-developed regions in Pakistan, such as Balochistan and Khyber Pakhtunkhwa, CPEC has contributed to regional economic development and helped bridge the development gap between different provinces. According to a report published by PricewaterhouseCoopers (PwC), in Feb 2017, Pakistan will be the world's 20th largest economy by the year 2030 and 16th by 2050<sup>5</sup>. CPEC will result in the creation of over 2.3 million new jobs.*

The cumulative value of all CPEC projects is expected to be around \$61 billion (**Table 1**) with future projects amplifying its overall valuation. CPEC has significant strategic and economic importance for China and Pakistan as it links China with markets in the Middle East, Africa, and Asia. CPEC is the flagship project of BRI, declared by China's President Xi as 'the project of the century', the Belt and Road Initiative (BRI) will deliver an estimated \$5 trillion worth of investment into the infrastructure of 52 countries.

# CPEC Planning

The planning of CPEC follows four stages.<sup>6</sup>



## 1. Early Harvest:

Focused on Energy sector, most projects are either already completed or in final stage adding approximately 11,410 MW (**Table 2**) electricity to national grid easing energy shortages.

## 2. Short term projects:

Focused on transportation and infrastructure projects e.g., roads, Gwadar development, optic fibre network and the hydel, coal mining and power projects (**Table 3 & 4**)



## 3. Medium term projects:

Railways and Industrial zones (**Table 3**)

## 4. Long term projects:

Completion of Industrial zones, Agriculture, Tourism etc.

(Table 5)



## CPEC Financing

CPEC is financed via four main instruments:

### Investments:

The money under investment projects is borrowed by the Chinese firms that undertake the project. These commercial loans are given on interest rates between 4% and 5%.

### Concessional Loans:

These loans are given out to the Government of Pakistan at an interest rate of 2% with a repayment period of 20 years. The first payment for these loans must be made within 5 years from the start of the concession period.

### Interest-Free Loans:

A very small proportion of the overall CPEC finances, these are zero interest loans with various payback periods.

### Grants:

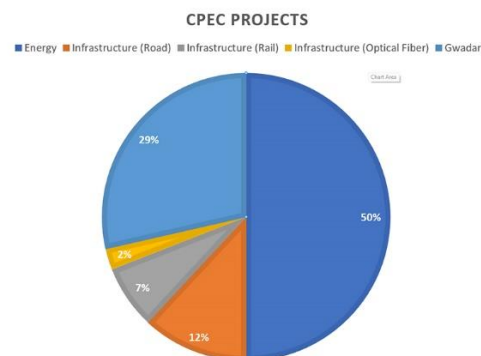
Grants are provided by the Chinese government aimed at increasing state capacity and cooperation.

## Summary of CPEC's Major Projects (Table 1)

Major Categories	# of Projects	Estimated Cost (US \$ Million)	Projected Cost (US \$ Million)	Direct Job Opportunities
Energy	21	\$26,370 for 13,810MW	\$33,000 for 17,045MW	71,959
Infrastructure (Road)	5	\$5,341	\$5,341	31,474
Infrastructure (Rail)	3	\$8,237	\$8,237	14,400
Infrastructure (Optical Fiber)	1	\$44	\$44	1,294
Gwadar	12	\$793	\$10,000 - \$14,000	77,700
<b>Total</b>	<b>42</b>	<b>\$40,785</b>	<b>\$60,622</b>	<b>196,827</b>



CPEC has provided enormous opportunities for Pakistan to grow economically. It is an engine for economic growth and is expected to increase Pakistan's GDP growth by 2% to 3%. CPEC has also facilitated in overcoming crucial energy, transport infrastructure and supply chain bottlenecks. Under CPEC, development of Gwadar would ensure strengthening of maritime sector particularly the coastal tourism and local fishery industry thereby benefitting the local communities.



## Energy: Completed Projects (Table 2)<sup>7</sup>

#	Project Name	MW	Location	Cost USD Million
1	1320MW Sahiwal Coal-fired Power Plant	1,320.0	Qadarabad, Sahiwal	\$1,912.2
2	1320MW Coal-fired Power Plant at Port Qasim Karachi	1,320.0	Port Qasim	\$1,912.2
3	1320MW China Hub Coal Power Project, Hub Balochistan	1,320.0	Hub, Balochistan	\$1,912.2
4	660MW Engro Thar Coal Power Project	660.0	Thar-Block-II, Sindh	\$995.4
5	1000MW Quaid-e-Azam Solar Park (Bahawalpur)	600.0	Bahawalpur, Punjab	\$781.0
6	50 MW Hydro China Dawood Wind Farm, Gharo, Thatta	50.0	Bhanbore, Gharo, District Thatta	\$112.7
7	100MW UEP Wind Farm, Jhampir, Thatta	100.0	Jhampir, Thatta	\$150.0
8	50MW Sachal Wind Farm ,Jhampir, Thatta	50.0	Jhampir, Thatta	\$134.0
9	100MW Three Gorges Second and Third Wind Power Project	100.0	Jhampir, Thatta	\$150.0
10	Matiari to Lahore ±660 KV HVDC Transmission Line Project	4,000.0	Matiari to Lahore	\$1,658.3
11	720MW Karot Hydropower Project, AJK/Punjab	720.0	River Jehlum	\$1,720.0
12	330MW HUBCO Thar Coal Power Project (Thar Energy)	330.0	Thar-Block-II, Sindh	\$497.7
13	1320MW SSRL Thar Coal Block-I 7.8 mtpa & Power Plant (2x660MW) (Shanghai Electric)	1,320.0	Thar Block - I	\$1,912.1
14	330MW HUBCO ThalNova Thar Coal Power Project	330.0	Thar-Block-II, Sindh	\$497.7
<b>Total</b>		<b>10,240.0</b>		<b>\$14,345.5</b>

## Energy: Under Construction Projects

#	Project Name	MW	Location	Cost USD Million
15	884MW Suki Kinari Hydropower Project, KP	870.0	District Mansehra, KPK	\$2,000.0
16	300MW Coal-Fired Power Project at Gwadar	300.0	Gwadar	\$542.3
	<b>Total</b>	<b>1,170.0</b>		<b>\$2,542.3</b>

## Energy: Under Consideration Projects

#	Project Name	MW	Location	Cost USD Million
17	1124MW Kohala Hydropower Project, AJK	1,124.0	Muzaffarabad	\$2,400.0
18	700.7MW Azad Pattan Hydropower Project, AJK/Punjab	700.7	Jehlum River	\$1,600.0
19	1320 MW Thar Mine Mouth Oracle Power Plant & surface mine	1,320.0	Thar Block - IV	\$1,912.2
20	50MW Cacho Wind Power Project	50.0	Jhampir, District Thatta	
21	50MW Western Energy (Pvt.) Ltd. Wind Power Project	50.0	Jhampir, District Thatta	
	<b>Total</b>	<b>3,244.7</b>		<b>\$5,912.2</b>

(Table 3) <sup>8</sup>

## Transport & Infrastructure: Completed Projects

#	Project Name	Length (KM)	Location	Cost USD Million
1	KKH Phase II (Havelian - Thakot Section)	120	KPK	\$1,315.0
2	Peshawar-Karachi Motorway (Multan-Sukkur Section)	392	Punjab + Sindh	\$2,889.0
3	Orange Line Metro Train - Lahore	27	Lahore	\$1,626.0/td>
4	Cross Border Optical Fiber Cable (Khunjrab - Rawalpindi)	820	GB, KPK, Punjab	\$44.0
5	Pilot Project of Digital Terrestrial Multimedia Broadcast (DTMB)		Murree	\$4.0
6	Hakla - D.I Khan Motorway	297	D.I Khan	\$1,166.8

## Transport & Infrastructure: Under Construction Projects

7	Zhob - Quetta (Kuchlak) (N-50)	305	Balochistan	\$445.0
8	Khuzdar-Basima Road (N-30)	106	Balochistan	\$127.8
9	Hoshab - Awaran Road Section (M-8)	146	Balochistan	\$173.1
10	KKH Alternate Route Shandur - Chitral Road	153	KPK	\$98.2
11	Nokundi-Mashkhel Road	103	Balochistan	\$43.0

## Transport & Infrastructure: In-Pipeline Projects

12	Up-gradation and Dualization of ML-1 and establishment of Dry Port near Havelian	1733	Havelian	\$6,806.0
13	Up-gradation of D.I.Khan (Yarik) - Zhob, N-50 Phase-I	235	TKPK - Balochistan	\$278.7
14	KKH Alternative Route Gilgit-Shandur Road	213	GB - KPK	\$181.8
15	Realignment of KKH Phase-I Thakot - Raikot Section	250	GB - KPK	
16	Peshawar - D.I.Khan Motorway	360	KPK	\$1,005.8
17	Awaran - Khuzdar Road Section (M-8)	168	Balochistan	\$116.6
18	Dir Expressway	29.6	KPK	\$141.8
19	DTMB-A (Digitalize the existing three sites of PTV)		Murree, Cherat, Kala Shah Kaku	\$14.1

## Transport & Infrastructure: Long Term Projects

20	Mirpur-Muzaffarabad-Mansehra Road	200	AJK - KPK	
21	Karachi Circular Railway	43	Karachi	\$1,900.0
22	Mashkhel - Pangur Road	200	Balochistan	
23	Quetta Mass Transit		Balochistan	
24	Greater Peshawar Region Mass Transit		KPK	

**(Table 4) <sup>9</sup>**

## Gwadar: Completed Projects

#	Project Name	Cost USD Million	Sponsor	Total Jobs Created
1	Development of Port and Free Zone	\$300.0	Gwadar Port Authority	120
2	Gwadar Smart Port City Master Plan	\$4.0	Gwadar Port Authority	90
3	Pak-China Technical and Vocational Institute at Gwadar	\$10.0	Gwadar Port Authority	249
4	Gwadar Eastbay Expressway	\$179.0	Gwadar Port Authority	2,000

## Gwadar: Under Construction Projects

5	New Gwadar International Airport	\$230.0	CAA	3,000
6	Necessary facilities of freshwater treatment, water supply and distribution	\$41.5	Gwadar Development Authority	1,600
7	Pak-China Friendship Hospital	\$100.0	Gwadar Development Authority	40
8	300MW Coal-Fired Power Project at Gwadar	\$542.3	China Communications Construction Company (CCCC)	1,000
9	1.2 MGD Desalination Plant	\$12.7		
10	5 MGD Water Desalination Plant Gwadar	\$18.2	67% Federal Govt. 33% Provincial Govt.	

## Gwadar: In-Pipeline Projects

11	Construction of Breakwaters	\$123.0	Gwadar Port Authority	
12	Dredging of berthing areas & channels	\$27.0	Gwadar Port Authority	
13	Fish Landing Jetty and Fishermen Boat Making Industry on West Bay			
14	Gwadar Smart Environment Sanitation System and Landfill Project			



(Table 5) <sup>10</sup>

## Under Construction Special Economic Zones

1	Rashakai Special Economic Zone
2	Dhabeji Special Economic Zone
3	Allama Iqbal Industrial City
4	Bostan Special Economic Zone

## In-Pipeline Special Economic Zones

5	ICT Model Industrial Zone
6	Industrial Park on Pakistan Steel Mill Land
7	Mirpur Industrial Zone
8	Mohmand Marble City
9	Mogpondass Special Economic Zone

CPEC: Transportation Plan <sup>11</sup>

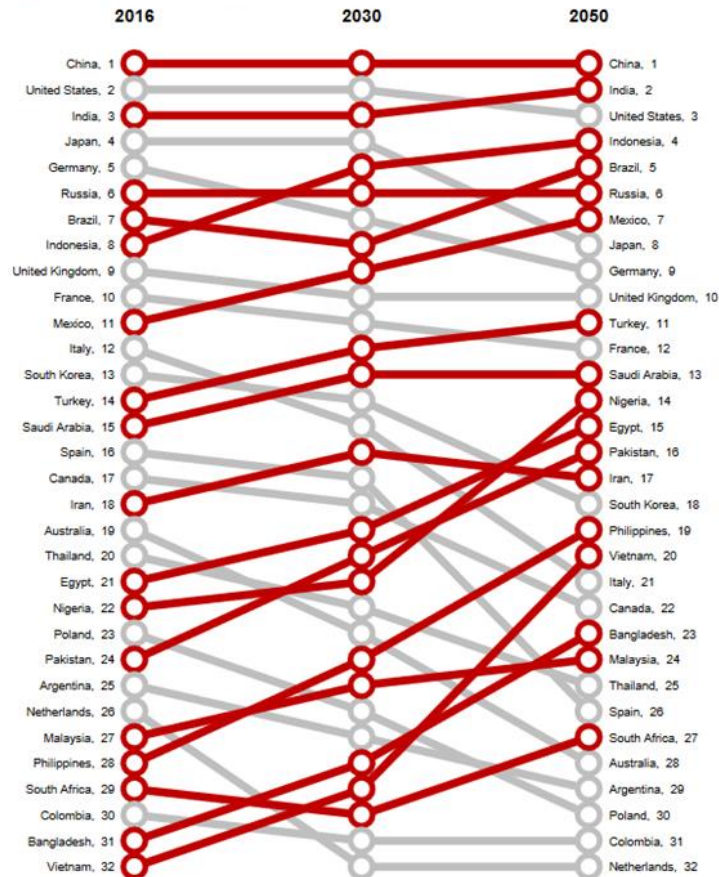


# CPEC: Energy & Communication Plan <sup>12</sup>



# PwC World in 2050 Summary Report Feb 2017 <sup>13</sup>

Figure 2: Projected GDP rankings (at PPPs)



Sources: IMF for 2016 estimates (updated for Turkey due to recent major statistical revisions), PwC projections for 2030 and 2050

Over the past decade, CPEC has been instrumental in transforming Pakistan's economic landscape. The initiative has laid the groundwork for significant infrastructure development, energy security, and industrial growth. Both China and Pakistan should encourage increased industrial cooperation and technology transfer to foster innovation and upgrade Pakistan's industrial base. Cultural exchanges, educational collaboration, and tourism will further strengthen the bonds between the two nations and deepen mutual understanding. Expanding CPEC's reach to include other countries in the region, such as Afghanistan and Central Asian states, could open new trade routes and bolster regional connectivity. Moving towards sustainable energy solutions and green infrastructure will not only align CPEC with global environmental goals but also create opportunities for green investments and job creation. Embracing digital technologies and promoting e-commerce can enhance trade efficiency and broaden access to markets for small and medium-sized enterprises (SMEs).

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## Contact Us



PO Box: 562, Islamabad,  
Pakistan

[info@muslim-institute.org](mailto:info@muslim-institute.org)  
[www.muslim-institute.org](http://www.muslim-institute.org)