

The China-Pakistan Economic Corridor and its Effects on Bilateral Cooperation

A Monograph

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Abstract

The China-Pakistan Economic Corridor and its Effects on Bilateral Cooperation: A Mixed Methods Research Study on What China's Economic Corridor in Pakistan Provides Both Countries, by MAJ Harry Lu, 44 Pages.

While the United States continued to struggle in the aftermath of the Great Recession in the early 2010s, China unveiled its signature economic and cultural foreign policy platform now known as the Belt and Road Initiative (BRI). Using its own economy as a guarantor and operating under numerous state-owned enterprises, China's foray into the economic development of other nations exploded under the leadership of Xi Jinping. As the only truly bilateral segment of the BRI, the China-Pakistan Economic Corridor (CPEC) is significant for three reasons. First, it provides China an alternative to the Strait of Malacca for importing raw materials from the Middle East and Africa. Second, it provides an exportable development model that acts as an alternative to the Western idea of liberal democracy before economic prosperity. Third, it ties China closer to Pakistan as a regional counterbalance to India. This monograph examined how CPEC affected bilateral relations in the categories of total trade, per capita GDP growth, UN voting, and statements of mutual support. Through an explanatory sequential mixed methods approach, this monograph determined that CPEC had no statistical significance on bilateral trade surpluses, total trade, UN voting coincidence, or Pakistani per capita GDP increases. However, instead of immediate and measurable increases in economic productivity, both China and Pakistan gain in other ways. For China, they gain access to a strategic naval location in the port city of Gwadar, opportunities to expand their markets for State-Owned Enterprises, and a messaging opportunity to export their developmental model worldwide. Pakistan gains energy self-sufficiency, political stability, and recognition for their claim on Kashmir. Some of these benefits do not reflect in economic data and may require deeper analysis of regional politics.

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Abbreviations

BRI	Belt and Road Initiative
CCP	Chinese Communist Party
CPEC	China-Pakistan Economic Corridor
DFTZ	Digital Free Trade Zone
GDP	Gross Domestic Product
HOA	Horn of Africa
SEZ	Special Economic Zone
SOE	State Owned Enterprise
UNSC	United Nations Security Council
UNGA	United Nations General Assembly

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Introduction

The Belt and Road Initiative is not a tool to advance any geopolitical agenda, but a platform for practical cooperation. It is not a foreign aid scheme, but an initiative for interconnected development which calls for extensive consultation, joint and shared benefits.

—Xi Jinping, *Speech at the BRICS Business Forum in Fujian, China, Sep. 3, 2017.*

Background to the Study

In 2013, as the United States struggled to shake off the great recession and the consequences of sequestration, Chinese President Xi Jinping unveiled his grand strategic vision of economic and cultural connectivity now known as the Belt and Road Initiative (BRI). With the Chinese economy as a guarantor, this ambitious plan called for global international investment, and the funding of projects in numerous nations traditionally aligned with the United States including Poland, Italy, Jamaica, and Thailand. More than just another foreign policy instrument, BRI is now enshrined in the Chinese Communist Party's Constitution and bears Xi Jinping's personal seal of commitment.¹ As with previous Chinese leaders and their paramount projects such as Mao Zedong's Great Leap Forward, BRI is inescapably tied to Xi Jinping and his tenure as China's President for Life.²

As part of the BRI, China has invested significant resources in pivotal strategic locations such as Pakistan in a bid to extend its economic and political influence. Pakistan is an important ally to the United States in combating terrorism and a major recipient of weapons sales and foreign aid. A point of contention for the United States and its allies is the China-Pakistan Economic Corridor (CPEC), a set of bilateral agreements between China and Pakistan that greatly

¹ Wade Shepard, "Why China Just Added the Belt and Road Initiative to its Constitution," *Forbes*, October 25, 2017, accessed September 18, 2020, <https://www.forbes.com/sites/wadeshepard/2017/10/25/why-china-just-added-the-belt-and-road-initiative-to-its-constitution/?sh=108d58142abc>.

² David Shepardson, "Trump praises Chinese president extending tenure 'for life'," *Reuters*, March 03, 2018, accessed September 15, 2020, <https://www.reuters.com/article/us-trump-china/trump-praises-chinese-president-extending-tenure-for-life-idUSKCN1GG015>.

increases the interdependence of both nations economically, culturally, and politically.³ As the only bilateral route on the BRI, CPEC connects Western China to the Arabian Sea via a network of fiber optic cables, pipelines, power plants, roads, and ports.

Pakistani officials touted the project as a major step in modernizing its crumbling infrastructure with an estimated 2.3 million jobs created through Chinese investments.⁴ Furthermore, CPEC addressed one of the major weaknesses in Pakistan's economy: the perpetual power shortage that inhibited productivity and GDP growth. From 2009 to 2012, Pakistan experienced a daily shortage of nearly 5,000 megawatts of electricity; the lack of electrical production and distribution hampered all aspects of Pakistan's economy.⁵

From the Chinese perspective, CPEC was a way to capitalize politically and economically on the close relations between the two countries. China and Pakistan have always been amicable, with Pakistan being the first Muslim nation to recognize the People's Republic of China after its inception in 1949. Described as iron brothers and all-weather friends, Pakistan was instrumental in facilitating Henry Kissinger's trip to China and the subsequent establishment of US-China relations.⁶ Pakistan's support of China remained steadfast even after the 1989 Tiananmen Square Massacre when a majority of the world condemned the Chinese government's use of lethal force against student activists rallying for democracy.⁷

³ Government of Pakistan, "China and Pakistan Diplomatic Relations," Ministry of Foreign Affairs, accessed September 18, 2020, <http://mofa.gov.pk/pakistan-and-china-diplomatic-relations/>.

⁴ Iftexhar Kahn, "88 CPEC projects to benefit Pakistan with 2.3m jobs by 2030," *The News Pakistan*, August 10, 2020, accessed September 18, 2020, <https://www.thenews.com.pk/print/698539-88-cpec-projects-to-benefit-pakistan-with-2-3m-jobs-by-2030>.

⁵ Rashid Aziz, "Pakistan's Power Crisis," *US Institute of Peace*, June 01, 2015, accessed November 19, 2020, <http://www.jstor.org/stable/resrep12401>.

⁶ "Getting To Beijing: Henry Kissinger's Secret 1971 Trip" USC US-China Institute, July 21, 2011, accessed November 10, 2020, <https://china.usc.edu/getting-beijing-henry-kissingers-secret-1971-trip>.

⁷ Hafeez Khan, "China, the emerging economic power: options and repercussions for Pak-US relations," *Int Polit*, November 26, 2020, accessed December 05, 2020, <https://doi.org/10.1057/s41311-020-00265-1>.

Strategically, CPEC offered China three opportunities. The first was having overland access to the Arabian Sea. This allowed China to shorten its trade routes to the Middle East and Europe by some 12,000 kilometers. The overland route bypassed the Strait of Malacca, a maritime chokepoint seen by Beijing as a critical vulnerability to China's economy to due to 85% of the nation's oil imports traversing through the heavily patrolled waterway.⁸ This heavy reliance on one thoroughfare placed a heavy emphasis on protecting sea lines of communication.

The second opportunity for China was to demonstrate an exportable development model to other countries. As a major recipient of Chinese investment and aid, Pakistan's success under BRI can demonstrate the feasibility of the Chinese model for other countries to follow. China's reach and increased ambitions on the global stage will bring it in contact with more conflict-ridden societies and fragile states. By demonstrating the success of a BRI partner with similar circumstances, China increased its reputation and offer an alternative to the liberal peace model offered by Western nations which hinges on reform and inclusivity.

The third opportunity for China was to economically and culturally tie Pakistan closer to itself as a counterbalance to India. While trade with India dwarfs Chinese trade with Pakistan, historical animosities and recent border clashes strained China-India relations.⁹ As US-China relations soured, Indian Prime Minister Modi continued to grow closer to the United States. China can expound on a 'model friendship' narrative to bolster its international image while simultaneously leveraging the relationship to project power in Indian Ocean region.

The aforementioned opportunities are mentioned by a variety of scholars who have written about China's interests in the region.¹⁰ However, not all research draws the same

⁸ Muhammad Khan, "China-Pakistan Economic Corridor: Opportunities and Challenges," *Strategic Studies*, May 2019, accessed September 14, 2020, doi:10.2307/48544300.

⁹ "China exports by country," Trading Economics, accessed November 15, 2020, <https://tradingeconomics.com/china/exports-by-country>.

¹⁰ Marc Lanteigne, "China's Maritime Security and the Malacca Dilemma," *Asian Security*, 4. 143-161; Ijaz Saad, "China-Pakistan economic corridor and its impact on rural development and human life sustainability. Observations from rural women," *PLOS ONE*; Khursheed Haider, "China – Pakistan

conclusion about CPEC. From Western think tanks to Pakistani economists, viewpoints of China's regional political objectives are as diverse as its 5000-year history. However, what has actually materialized between the two nations since the inception of CPEC five years ago? The thesis of this paper is that CPEC, as part of the BRI, gave China access to Pakistani markets, tied the two nations together through economic and cultural means, and allowed China access to strategic ports and power projection capabilities in the Indian Ocean region. In return, Pakistan received support on the UN Security Council, a market for Pakistani goods, revitalization of its crumbling infrastructure, and the continued unwavering support of a rising global power.

Statement of the Problem

The United States has labeled China as a competitor, pacing threat, and shirker of international responsibilities while enriching itself from the blood, sweat, and tears of others.¹¹ The lack of transparency and the closed nature of the Chinese Communist Party has further increased speculation on the real purpose behind CPEC and China's BRI projects in Pakistan. There is significant research into China's planned economic corridor, its political objectives, and feasibility.¹² However, there is little to no published literature on what the corridor has actually accomplished in the past five years pertaining to China-Pakistan bilateral relations, and its impact on trade, voting coincidence, and political support.

While scholars and academics debate the narrative and cost of CPEC, there is an absence of analysis on the changing nature of China-Pakistan relations from the lens of pre and post CPEC. Since CPEC encompasses a multitude of projects broken into definitive time horizons, the

economic corridor: a harbinger of economic prosperity and regional peace," *Asian Europe Studies*, May 2019, accessed November 20, 2020, DOI:10.1186/s40856-019-0044-2.

¹¹ Jim Garamone, "Esper Discusses Moves Needed to Counter China's Malign Strategy," August, 27, 2020, accessed October 28, 2020, <https://www.defense.gov/Explore/News/Article/Article/2326863/>.

¹² Abdul Mamdani, "Analysis of CPEC Project," *International Journal of Scientific & Engineering Research*, January 2019, 10, 1.

analysis of specific metrics such as yearly trade surplus, voting patterns, and unemployment can assist in obtaining clarification on what China and Pakistan gain.

The purpose of this study is to offer quantitative and qualitative analysis on selected aspects of both China and Pakistan's economy and their bilateral relations after the implementation of CPEC. This provides insight on any changes in either nation's economic, political, or strategic standing in the region and their belief in obtaining significant benefits by undertaking such projects.

Significance of the Study

When analyzing the effects of Chinese investments in other nations through their Belt and Road Initiative, researchers often remained focused on the economic impacts. Viability, sustainability, and the ability to repay loans were often at the forefront of articles written about CPEC.¹³ While economic data and measurable changes in trade were useful, they did not tell the whole story. BRI was not solely economically focused and had deep reaches in China's political, military, and information elements of national power.

Although this study measured quantifiable data and economic metrics such as GDP, unemployment, and trade in order to find any correlations between CPEC implementation and economic changes, it also emphasized the non-economic and unquantifiable benefits that both China and Pakistan receive. There is a propensity for researchers to assess CPEC's success or failure only on economic merits, and this may lead to incorrect assumptions about China's worldwide activities that either build upon or mirror its investments in Pakistan.

Theoretical Approach

Despite China's growing military modernization of the People's Liberation Army (PLA) and its increased force posture in the South and East China Sea region, a preponderance of

¹³ "CPEC offers enormous potential to Boost Pakistan Economy, Report Says," World Bank, March 22, 2018, accessed November 14, 2020, <https://www.worldbank.org/en/news/press-release/2018/03/22/cpec-offers-enormous-potential-boost-pakistan-economy>.

China's foreign power and influence stems from its economic and cultural might. The complex interdependence model postulates that a decreased reliance on military force accompanies an increased use of other forms of coercion stemming from the complex interdependencies of two nations.¹⁴

Due to the high costs and uncertain effects of using traditional military forces to achieve a political objective, China is relying more and more on its global economic apparatus in conjunction with messaging to achieve its strategic aims. Globalization and the rise of Chinese foreign investment in the last few decades has increased interdependence between China and other nations. This form of coercion uses elements of power most relevant to specific salient issues while “manipulating interdependence, international organizations, and transnational actors” in ways most beneficial for Beijing.¹⁵

China-Pakistan relations remained amicable in its seventy years of history, and the two nations share what observers call ‘iron brothers’ and ‘all-weather friends’. However, cordial and supportive does not always mean equal. Using the complex interdependence model to explain the intricacies of China-Pakistan bilateral relations, this study analyzed the costs and benefits of CPEC to both sides and how each country addressed sensitivities and vulnerabilities in accordance with their domestic and international audiences.

Definition of Terms

To ensure understanding in analyzing the China Pakistan Economic Corridor and how it affects China's relationship with Pakistan, several terms must be defined. The definitions to these terms were found in Pakistan's official CPEC website, the Organization for Economic

¹⁴ Robert Keohane, *Power and Interdependence: World Politics in Transition*, (Boston: Little, Brown, 1977).

¹⁵ Keohane, 31.

Cooperation and Development's State-Owned Enterprise Compendium, and a speech by the previous Chinese president Hu Jintao to the CCP.

Early Harvest is defined as a set of projects that are slated for quick completion to show CPEC progress.¹⁶ State-Owned Enterprises are entities that take part in commercial activities at the behest of one central decision-making body appointed by the Chinese government.¹⁷ The Malacca Dilemma refers to the risk of economic collapse that China faces if challenged by hostile maritime forces near the Strait of Malacca.¹⁸

Hypotheses

Due to the deep historical ties between China and Pakistan and the myriad of political objectives that China has in Southwest Asia, any projects and agreements between the two nations will not solely exist in the economic sphere. This study proposes that China's investment in Pakistan will not see an increase in the traditional held economic metrics such as trade and GDP growth. Instead, both China and Pakistan will benefit strategically in their relationships to other nations that have a vested interest in the region with a focus on India and the United States.

In examining economic data from 2013-2018, this study hypothesizes that CPEC projects will not have a statistically significant effect on Pakistan's economy when viewed through the lens of trade in consumer goods, raw materials, textiles, and total surpluses. Furthermore, CPEC will not increase measured Pakistani per capita GDP nor decrease local unemployment. Rather than measurable economic benefits, this study proposes that both China and Pakistan gain in the

¹⁶ Government of Pakistan, "CPEC Frequently Asked Questions," Ministry of Planning and Development, accessed September 19, 2020, <http://cpec.gov.pk/faqs>.

¹⁷ Organization for Economic Cooperation and Development, "Ownership and Governance of State-Owned Enterprises," accessed on November 13, 2020, <http://www.oecd.org/corporate/Ownership-and-Governance-of-State-Owned-Enterprises-A-Compendium-of-National-Practices.pdf>.

¹⁸ Ian Storey, "China's Malacca Dilemma," *Jamestown Foundation*, April 26, 2006, accessed on October 18, 2020, <https://jamestown.org/program/chinas-malacca-dilemma/>.

political sphere with increasing UN General Assembly voting coincidences and statements of mutual support in international flashpoint issues such as COVID-19, Taiwan, and Hong Kong.

Research Questions

Primary research question: What does China and Pakistan each gain from CPEC?

Secondary research questions:

1. What is the relationship between CPEC and trade?
2. How has CPEC affected local Pakistani per capita GDP and unemployment?
3. What is the relationship between CPEC and UN voting coincidence between China and Pakistan?

Delimitation

The delimitations utilized in this study are the focus on key metrics for measuring CPEC effects on bilateral relations. The researcher selected trade, per capita GDP, unemployment rate, and voting records due to the measurability, ease of definition, and secondary/tertiary implications of each. The years collected ranged from 2013 to 2019. Starting the examination by looking at 2013 allowed for the collection of two years' worth of status quo information before the initiation of any CPEC project, and 2019 was the last year of available data from the World Bank's trade database.

Trade data concentrated on categories that represented large percentages of overall trade between Pakistan and China. For example, consumer goods represented over 20% of all exports from China to Pakistan, and were included in the analysis. Food products, representing only 0.46%, were not included. These categories were selected in order to provide the best chances of observing changes year over year for Chinese exports to Pakistan after the implantation of CPEC. Analysis included export and import data for both countries in order to measure the change (if any) that CPEC produced on either country's economy.

Data for per capita GDP and unemployment rates only measured Pakistan's change from 2013-2019. This was due to the relative size of CPEC projects, and trade with respect to each respective economy. China's exports to Pakistan only accounted for 0.68% of their total while Pakistan's trade to China represented 7.69% of their total exports.¹⁹ The researcher postulated that although significant, CPEC expenditures would not have any measurable effect on China's per capita GDP or unemployment due to the sheer size of its population.

In regard to changes in voting patterns, the researcher selected each country's UN General Assembly voting records to analyze. This is due to the availability and accuracy of records in a body that is known for its strict adherence to voting procedures and transparency.

Organization of the Paper

Six sections divide this research study. Section one includes the background of the study, statement of the problem, purpose of the study, theoretical approach, definition of terms, hypotheses, research questions, delimitations, and the organization. Section two presents a review of the relevant literature, focusing on CPEC, BRI, and China's historical relations with Pakistan. Section three describes the methodology used for this research study. It includes the selection of data, interpretation methods, and procedures for analysis. Section four presents the final analysis of the study, addresses the hypotheses, and answers the research questions. Section five provides a summary of the entire study, discussion of the findings, implications of the finding for U.S. regional interests, recommendation for further research, and conclusions.

Literature Review

There has been significant literature, think tank studies, and conclusions written on the efficacies and challenges of the BRI. Opinions vary across a broad spectrum ranging from calling fears of debt-trap diplomacy "exaggerated," to appeals for a full United States whole of

¹⁹ "Pakistan Exports 2018," World Bank, accessed November 06, 2020, <https://wits.worldbank.org/CountryProfile/en/Country/PAK/Year/LTST/TradeFlow/Export/Partner/all/>.

government intervention to counter a perceived Chinese threat.²⁰ However, the term debt-trap diplomacy itself originates from a meme created by an Indian think tank with possible biases against regional Chinese interests.²¹ Two graduate students at the Harvard Kennedy School perpetuated this meme in a yearlong capstone project and the resulting publication is a *raison d'etre* for widespread usage of the term.²² The term has gained such widespread negative connotations that Xi Jinping himself spoke against it at a summit in Papua New Guinea.²³

In addition to the economic, political, and social changes created by the BRI, the special relationship between China and Pakistan must also be taken into account. This literature review explains the close relationship China has with Pakistan, the unique political and economic realities of both countries, and the perceived benefits and costs of the BRI's specially designed Pakistan model.

Bilateral cooperation between China and Pakistan differs from that of most other nations in three ways. First, the two countries have maintained amicable ties since Pakistan's independence in 1947 and the founding of the People's Republic of China in 1949. Second, the relative political stability of the hegemonic power to resist short term domestic political pressure allows it to pursue goals in accordance with stated national objectives. Third, the specter of regional competitors like India and the United States brings incentives to increase military and economic cooperation.

²⁰ David Dollar, "Seven Years into the Belt and Road Initiative," Brookings, October 01, 2020, accessed November 08, 2020, <https://www.brookings.edu/blog/order-from-chaos/2020/10/01/seven-years-into-chinas-belt-and-road/>.

²¹ Deborah Brautigam, "A critical look at Chinese 'debt-trap diplomacy': the rise of a meme," *Area Development and Policy*, accessed October 17, 2020, 5, 1-14, 10.1080/23792949.2019.1689828.

²² Sam Parker and Gabrielle Chefetz, "Debtbook Diplomacy," Harvard University Belfer Center, May 2018, accessed October 18, 2020, <https://www.belfercenter.org/sites/default/files/files/publication/Debtbook%20Diplomacy%20PDF.pdf>.

²³ "Full text of Xi Jinping's Speech at APEC", *China Daily*, accessed October 07, 2020, <https://www.chinadailyhk.com/articles/150/101/53/1542452384820.html>.

Pakistan and China have enjoyed friendly ties since the founding of both nations. Unlike the United States who has fought major wars with its closest allies and neighbors in the past, the China-Pakistan relationship has a foundation of mutual support, acknowledgement, and people to people exchanges.²⁴ Pundits and global leaders have compared this relationship to another special bilateral relationship: the enduring ties between the United States and Israel.²⁵ The official magazine of the Pakistani Armed Forces claims that the ties between China and Pakistan are “the stuff of legends and envy of other nations.”²⁶ Chinese President Xi Jinping himself claimed that Pakistan is an “Iron Brother” and a stalwart ally of the PRC.²⁷

Platitudes and photo opportunities aside, China’s friendship with Pakistan has yielded immense benefits for both sides over the past seventy years. Pakistan was one of the first countries to sever ties with Taiwan, and officially recognize the sovereignty of the Chinese Communist Party in Beijing.²⁸ It was instrumental in facilitating President Nixon’s engagement with China, and the subsequent establishment of China-US relations.²⁹ In return, China attempts to shield Pakistan from economic and diplomatic sanctions applied by the United States and other Western entities in response to its nuclear program.³⁰

²⁴ Chinese Ministry of Foreign Affairs, “Joint Press Release of the 2nd Round of China-Pakistan Foreign Ministers’ Strategic Dialogue,” August 22, 2020, accessed October 07, 2020, https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1808344.shtml.

²⁵ Thalif Deen, “Pakistan is our Israel,” *Aljazeera*, October 28, 2010, accessed October 07, 2020, <https://www.aljazeera.com/features/2010/10/28/china-pakistan-is-our-israel>.

²⁶ Sardar Kahn, “Iron Brothers,” *Pakistan Armed Forces Magazine*, accessed October 12, 2020, <https://www.hilal.gov.pk/eng-article/iron-brothers/MTc2MA==.html>.

²⁷ Imtiaz Ahmed, “Iron Brothers vow to fight terror,” *Hindustan Times*, April 22, 2015, accessed October 05, 2020, <https://www.hindustantimes.com/world/iron-brothers-vow-to-fight-terror-xi-s-pak-visit-hailed-a-success/story-0zSmQl6B1peIrB20FLZReN.html>.

²⁸ Zamir Awan, “China-Pakistan Journey of Friendship,” *Global Times*, May 21, 2020, accessed October 05, 2020, <https://www.globaltimes.cn/content/1189007.shtml>.

²⁹ USC US-China Institute, 2011.

³⁰ Iqbal Muhammad, “Vacillation between Soft and Hard Balancing: China-Pakistan versus Indo-US Strategies,” *Strategic Studies*, 36, 1, 2016, 74-91, accessed November 5, 2020. doi:10.2307/48535935.

The relative stability of China's Communist Party and Xi Jinping's rule in particular underpins China's ability to pursue its interests abroad in a coherent and iterative way. Seen as a nominative president for life, Xi's consolidation on power has only deepened with the latest CCP Fifth Plenum declaring him "the core navigator and helmsman" of the party and country.³¹ With a solid grip on power unchallenged for the foreseeable future, China's ability to conduct foreign policy "are informed by a longer-term global governance strategy, which few countries can rival in terms of planning, coordination or financial support."³²

While unprecedented in its scale and scope, China's Belt and Road Initiative projects are not guaranteed to make economic and political windfalls for Beijing. There are several challenges that accompany countries who accept BRI projects along with risks for China. First, the recipient country's leadership must overcome any innate political distrust of China from both the elite and general population. Second, local and regional instability lowers the confidence of potential investors while raising the cost of doing business. Finally, mismatched interests between China's desired projects, and the recipient nation's desired infrastructure and economic investments, lowers the benefits of development. Taken together, these challenges pose significant obstacles for the success of BRI and foreign reception of Chinese investments.³³

Despite these listed challenges, Pakistani government officials and Pakistani scholars support the viewpoint that China's venture into Pakistan with the China-Pakistan Economic Corridor has sufficient political and economic backing to succeed.³⁴ Official Chinese documents

³¹ Jude Blanchette, "China's Fifth Plenum," *CSIS*, October 30, 2020, accessed November 13, 2020, <https://www.csis.org/analysis/chinas-fifth-plenum-reading-initial-tea-leaves>.

³² Alice Ekman, "Chinese Futures: Horizon 2025," *European Union Institute for Security Studies*, 2017, 35-40, accessed November 2, 2020, <http://www.jstor.org/stable/resrep07065.9>.

³³ Peter Cai, "Understanding China's Belt and Road Initiative," *Lowy Institute*, May 2019, accessed November 05, 2020, https://www.lowyinstitute.org/sites/default/files/documents/Understanding%20China%E2%80%99s%20Belt%20and%20Road%20Initiative_WEB_1.pdf.

³⁴ Khan, 2019.

list five overarching priorities for any BRI project: policy coordination, facilities connectivity, unimpeded trade, financial integration, and people-to-people bonds.³⁵ Additionally, BRI planners and the Chinese central government place a premium on Central and Southwest Asia connections due to a desired increase for tourism, development, and trade through both the Yunnan Province and Tibet Autonomous Region.³⁶ Using these priorities as a planning consideration, China's investment in Pakistan shows due consideration for social stability, matching projects with local demand, and cooperation at all levels of society.

Reticent nations and governments pose a significant challenge to the acceptance of BRI as a model for economic development. Potential partners like the Philippines have seen BRI projects delayed due to “technical problems, the Philippine military, and the Filipino people’s distrust of China because of the South China Sea issue in particular, and its behavior as an emergent power in East Asia in general.”³⁷ While China’s true intentions are debatable, BRI is irrespectively seen as its overseas brand, and any local disruption or protest against projects cause national embarrassment in Beijing.

Unlike China’s BRI proposals to traditionally Western aligned nations who may view Beijing’s economic motives with unease or suspicion, Islamabad is a close ally and stalwart friend of the People’s Republic of China. As a flagship model that Beijing is looking to verify and export, Pakistan’s success under BRI is essential in gaining increased support for other projects overseas. Given the close relations of China and Pakistan over the last half century, leaders of both nations have strived for increased economic interdependence.

³⁵ “Vision and actions on jointly building Belt and Road,” Xinhua Belt and Road Forum, accessed November 05, 2020, <http://2017.beltandroadforum.org/english/n100/2017/0410/c22-45-3.html>.

³⁶ Ibid.

³⁷ Derek Grossman, “China Refuses to Quit on the Philippines,” *RAND*, July 22, 2020, accessed November 10, 2020, <https://www.rand.org/blog/2020/07/china-refuses-to-quit-on-the-philippines.html>.

Instability in host nations, violent or otherwise, is of paramount concern to both the Chinese government and other potential investors. Since projects are both labor and capital intensive with a large migrant Chinese workforce assigned to many ventures, safety of sites and personnel remains a top issue. While the government of Pakistan acknowledges that inherent instability in South Asia stemming from a “mix of international, regional, national and extremist factors,”³⁸ they have also raised a division of 12,000 troops in the Pakistani Army solely dedicated to ensuring security and protecting Chinese nationals working on BRI projects.³⁹

Several researchers have pointed out the differences between how China seeks stability with their project recipients versus how a typical Western model pursues stability through liberal reforms and inclusive political systems.⁴⁰ Whereas Western nations may demand political reform, China emphasizes maintaining the status quo. As expected of a central government that places a premium on social stability, Chinese investments follow the philosophy of “state-led development and the provision of economic opportunities should take precedence over political reforms, the stability and power of governing institutions is more important for this task than their inclusiveness, and technical aid and investment by external actors should be provided without political strings attached.”⁴¹ Due to Pakistan’s inherent distrust of Western models as a result of UN sanctions and the close United States ties with India, China’s investment model is appealing on many fronts.

The third challenge to China’s investment in Pakistan stems from matching proposed projects with local economic realities. Detractors of BRI criticize the opaqueness of the project

³⁸ Government of Pakistan, “CPEC FAQs,” 2020.

³⁹ Khan, 2019.

⁴⁰ Ivan Campbell, “China and Conflict Affected States,” *Saferworld*, January 2012, accessed November 05, 2020, <https://assets.publishing.service.gov.uk/media/57a08aad40f0b649740006f2/China-and-conflict-affected-states.pdf>.

⁴¹ Pascal Abb, “China’s emergence as a peacebuilding actor,” *The Asia Dialogue*, December 24, 2018, accessed November 10, 2020, <https://theasiadialogue.com/2018/12/24/chinas-emergence-as-a-peacebuilding-actor-from-peaceful-development-to-developmental-peace/>.

design and selection process, with Secretary of State Mike Pompeo calling it “corrupt infrastructure deals in exchange for political influence.”⁴² Despite these criticisms, there is literature to support viewing Chinese project selection in a more positive light. CPEC projects are overwhelmingly infrastructure and energy based, and these two categories are critically needed in Pakistan.⁴³ Projects in Pakistan are specially chosen to address acute local needs in regards to power generation, transportation, and infrastructure. A 2019 survey of local citizens conducted by a combined effort from Chinese and Pakistani universities show a majority view CPEC in a positive light.⁴⁴

This review of the literature shows a unique relationship between China and Pakistan built from decades of mutual cooperation, interdependence, and pragmatism. Even with the identified challenges of BRI and critiques in academic and political sectors, China can leverage CPEC and take advantage of a generally supportive local population, a host nation dedicated to project security, and the absence of overall distrust that China faces in other BRI countries.

⁴² David Dollar, “Understanding China’s Belt and Road Infrastructure in Africa,” *Brookings*, September 2019, accessed November 08, 2020, https://www.brookings.edu/wp-content/uploads/2019/09/FP_20190930_china_bri_dollar.pdf.

⁴³ Aziz, 2020.

⁴⁴ Ahmad Saad, “China-Pakistan Economic Corridor and Its Influence on Perceived Economic and Social Goals,” *Sustainability*, September 11, 2019, accessed November 10, 2020, <https://www.mdpi.com/2071-1050/11/18/4949/pdf>.

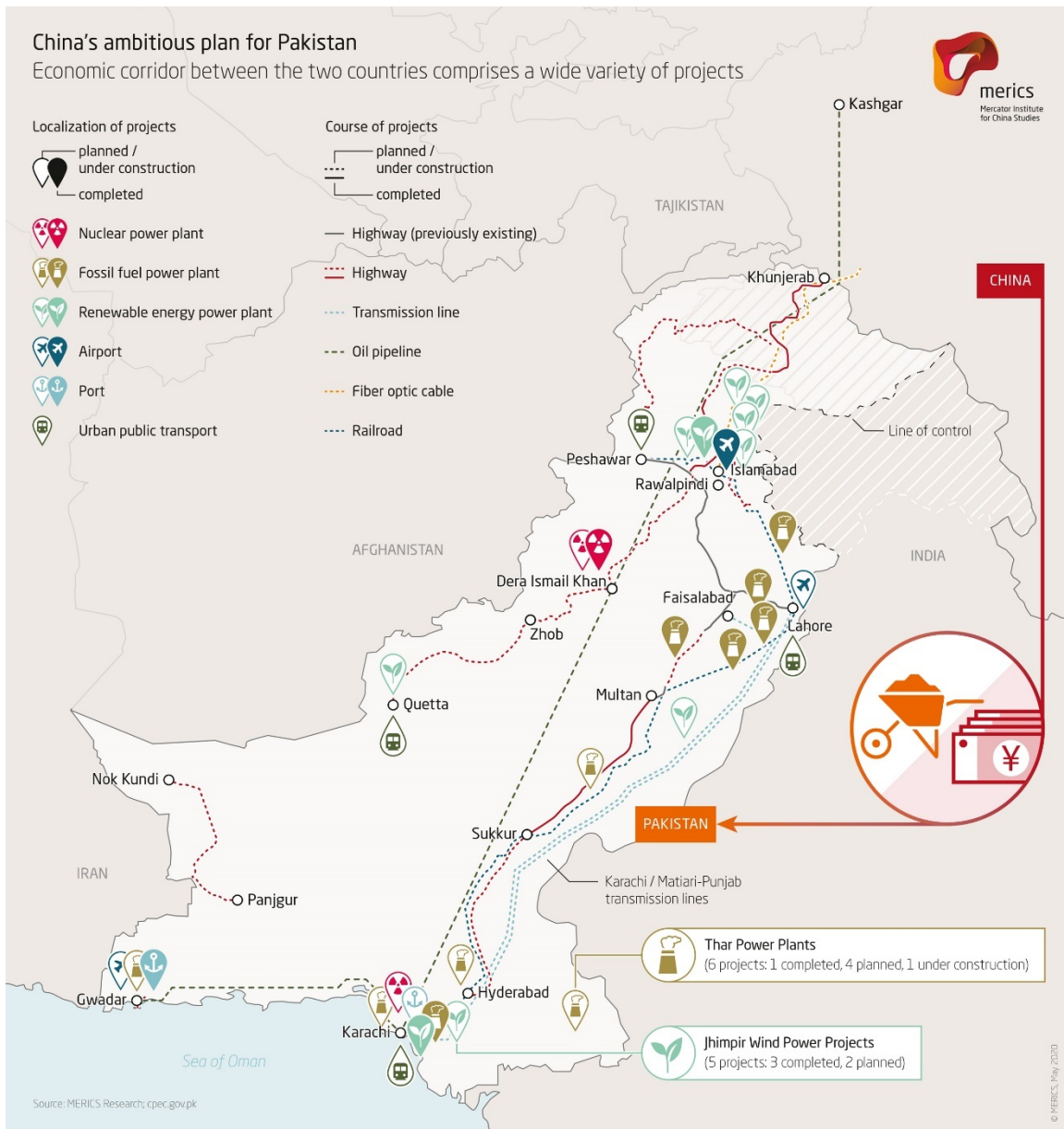


Figure 1. *Economic Corridor 2020*. Infographic created by Jacob Mardell, May 20, 2020, accessed September 18, 2020, <https://merics.org/sites/default/files/2020-05/UpdateEconomicCorridor2020-1.jpg>.

The infographic above (Figure 1) shows geographical locations of Chinese projects as part of its planned Pakistani economic corridor. Of note is the location of Gwadar port and its link to China through a series of pipelines. This allows China to import oil through Chinese and Pakistani controlled infrastructure and bypass the heavily patrolled Strait of Malacca.

Methodology

This was a mixed methods quantitative and qualitative analysis of CPEC and its effects on China-Pakistan bilateral ties. The explanatory sequential mixed methods approach allowed for the examination of both quantitative economic metrics and qualitative strategic aims in assessing the benefits of CPEC to both nations. The advantage of using such a method was the ability to demonstrate “how the qualitative findings help to explain the quantitative results.”⁴⁵ Examining CPEC in an economic lens required quantitative analysis. Examining CPEC in a political or strategic lens required open ended questions conducive of qualitative analysis. By explaining the quantitative results through a political or strategic lens, this research provided a more accurate analysis of specific findings.

To gain the requisite data for analyzing CPEC’s effectiveness, this research used data collected from several different databases. The first was a database of UN General Assembly voting records compiled by Professor Erik Voeten from Georgetown University.⁴⁶ Voting data can be used to show voting coincidence between two members of the UN General Assembly. Analysis of voting coincidence shows national preference, political agreement, and diplomatic maneuverings. As a unique way of observing national preference in a controlled and structured environment, UN voting patterns are a straightforward and measurable way of discerning international cooperation.⁴⁷ Variations of this voting correlation between CPEC project years can show changing national preferences and attitudes that Pakistan holds toward China.

⁴⁵ John Creswell, *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches*, (Los Angeles: Sage, 2009), 442.

⁴⁶ Erik Voeten, "United Nations General Assembly Voting Data," 2009, accessed October 28, 2020, <https://doi.org/10.7910/DVN/LEJUQZ>.

⁴⁷ Erik Voeten and Michael Bailey, “A Two-Dimensional Analysis of Seventy Years of United Nations Voting” *Public Choice*, April 17, 2018, accessed November 10, 2020, <https://ssrn.com/abstract=3166115> or <http://dx.doi.org/10.2139/ssrn.3166115>.

A second database used to calculate CPEC effects is the World Bank's World Integrated Trade Solution.⁴⁸ Due to the myriad categories of trade, this report will examine the specific subcategories of consumer goods, raw materials, and clothing. These categories are the largest trade items between China and Pakistan. Any changes in trade due to the onset of CPEC will be more recognizable in these areas. In addition to changes in trade, analyzing this dependent variable can also show any trade imbalances such as increased exports from one country but not the other. The dataset used for trade analysis originates from the World Bank with the latest data being 2018.

A third database was the World Bank's Gross Domestic Product and economic listing.⁴⁹ As a measurement of productivity, GDP and per capita GDP are indicators of CPEC economic success (workers spending money in the host country, projects profitable, etc.) and economic burden (increased local unemployment and inefficient use of new infrastructure). Statistical measurements using data collected from this source were used to show the effects of CPEC on year over year unemployment rates and per capita GDP.

This research looked at several key variables to assess correlation between Chinese investment in CPEC and its effects on bilateral cooperation. Independent variables are those that are used to make predictions while the dependent variable is one which the model attempts to predict.⁵⁰ In examining CPEC, there were two independent variables and multiple dependent variables.

The independent variable was the number of projects themselves differentiated by year. Since projects are multi-year endeavors with lag time between proposal, initiation, and completion, this research showed the ongoing effects of any one project as a proxy variable that

⁴⁸ World Bank, 2020.

⁴⁹ Ibid.

⁵⁰ "Linear Regression" UC Berkeley, accessed November 10, 2020, <https://www.stat.berkeley.edu/~spector/s133/Lr0.html>.

represents conditions on the ground that arise from construction. Until a project was completed, it was represented as either in the initiation year or subsequent under construction years through this proxy variable.

The dependent variables were those which this research made predictions for based on models and the hypotheses. These variables were GDP, unemployment, trade deficits, total trade, consumer goods trade, raw materials trade, textile trade, and voting coincidence. All of these variables contributed to the analysis on if the implementation of CPEC and its projects had a statistically significant effect on the respective dependent variable and overall economic or diplomatic relations.

In addition to quantitative methods and statistical analysis for economic variables, this report also used qualitative research as part of the explanatory sequential mixed methods approach. This approach followed an initial phase of quantitative calculations with qualitative analysis that allowed findings from both to be combined during interpretation. Qualitative research has an advantage over quantitative methods when examining events such as “human thought and behavior in a social context and covers a wide range of phenomena in order to understand and appreciate them thoroughly.”⁵¹ When analyzing statements of support, leaders and politicians who make them cannot be examined in a vacuum and researchers should “try to develop a complex picture of the problem or issue under study.”⁵² Statements are made with a political purpose in mind and are carefully crafted as a narrative for both international and domestic audiences.⁵³

⁵¹ Eyisi Daniel, “The Usefulness of Qualitative and Quantitative Approaches and Methods,” *Journal of Education and Practice*, 7, 5, 2016, accessed November 10, 2020, <https://files.eric.ed.gov/fulltext/EJ1103224.pdf>.

⁵² Creswell, 377.

⁵³ Robert Putnam, “Diplomacy and Domestic Politics: The Logic of Two-Level Games,” *International Organization*, 42, 3, 1988, pp. 427–460.

This report qualitatively analyzed political and leadership statements of mutual support. China's image in the world community has been tumultuous in the last few years. From COVID-19 to crackdowns on Hong Kong dissidents, international criticism against China has been abundant. Statements, tweets, articles, and speeches made by the leadership of either nation defending the other after 2015 are of great interest. This is especially true for Pakistan whom is the recipient of CPEC funding and support.

The Effects of CPEC

In 2013, Xi Jinping announced CPEC as the next step in China-Pakistan bilateral relations and a major milestone in BRI. However, work on the first five Pakistani projects did not begin until 2015.⁵⁴ These five projects consisted of power plants and hydroelectric dams as part of an early harvest development plan. While these projects were being constructed, Pakistan initiated six more energy and infrastructure projects. In areas surrounding Gwadar, Hyderabad, and Karachi, Pakistan started building their highway, rail, and pipeline networks. The types of early harvest projects are important to recognize due to their impacts on the Pakistani economy. Roads and power plants do not by themselves bring jobs or economic growth, but are prerequisites for future development. The decrease in 2020 was largely due to COVID concerns, but the stoppage was temporary as projects have recovered and more have been planned for the future.⁵⁵

⁵⁴ Government of Pakistan, "Progress Update," accessed November 12, 2020, <http://cpec.gov.pk/progress-update>.

⁵⁵ Muhammed Notezai, "CPEC 2.0 Full Speed Ahead," *The Diplomat*, September 10, 2020, accessed November 13, 2020, <https://thediplomat.com/2020/09/cpec-2-0-full-speed-ahead/>.

The chart below (Figure 2) shows all CPEC projects since 2015 separated by project type, initiation year, construction duration, and completion year. It also displays the total number of projects undergoing construction for a given year across all project types.

		Energy	Infrastructure	Rail			
Category	Project #	2015	2016	2017	2018	2019	2020
Energy	1	[Yellow bar]					
	2	[Yellow bar]					
	3			[Yellow bar]			
	4		[Yellow bar]				
	5		[Yellow bar]				
	6	[Yellow bar]					
	7	[Yellow bar]					
	8	[Yellow bar]					
	9		[Yellow bar]				
Infrastructure	1		[Blue bar]				
	2		[Blue bar]				
	3			[Blue bar]			
Rail	1			[Green bar]			
Yearly Total		5	10	13	8	7	4

Figure 2. CPEC Projects from 2015 to 2020. Chart created by author. Data from the Pakistan Government’s CPEC website, accessed September 18, 2020, <http://cpec.gov.pk/index>.

Changes in Total Trade and Selected Trade Categories

The chart below (Figure 3) shows that trade between China and Pakistan increased dramatically between 2013 and 2018. Furthermore, the trade surplus enjoyed by China has increased by a factor of three between the inception of CPEC and 2018. In every category measured, Chinese exports to Pakistan increased between 2013 and 2017 with a slight dip in 2018. This could be explained by five projects being completed in 2017 which resulted in less active projects for 2018. If observers only take these numbers at face value, they can argue for a correlation between total trade value and CPEC projects. However, data analysis shows otherwise.

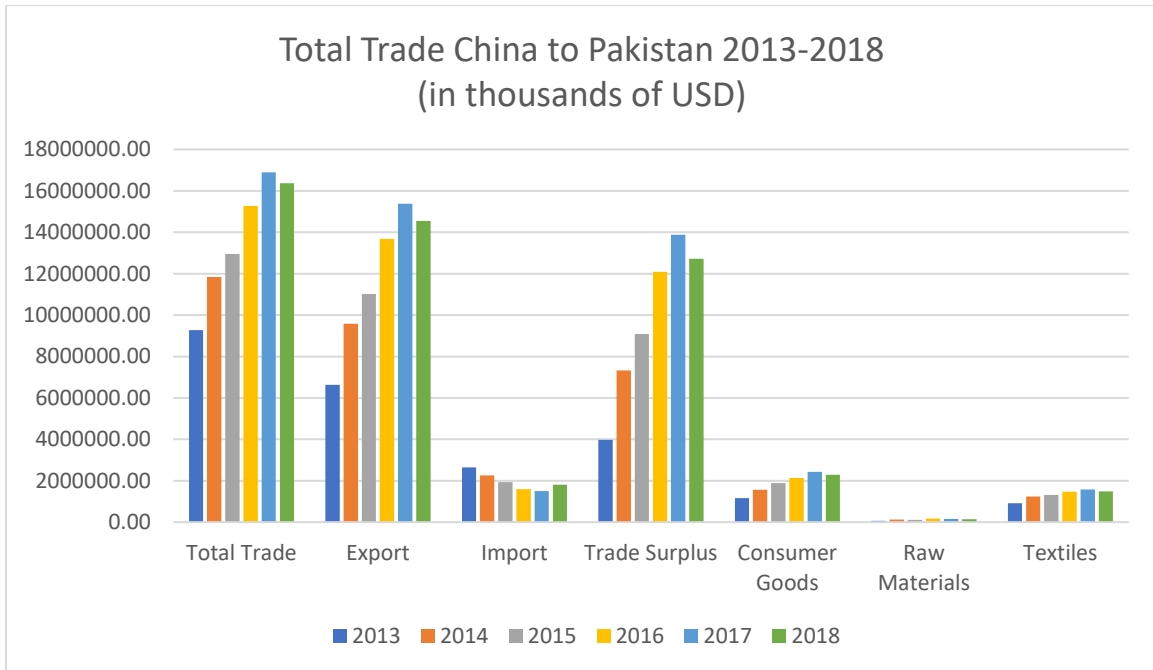


Figure 3. *Yearly Total Trade Data in Selected Categories*. Chart created by author. Data from the World Bank, accessed September 18, 2020, <https://wits.worldbank.org/CountryProfile/en/Country/PAK>.

In a regression analysis of trade data, there were two independent variables used. The first was the number of CPEC projects in a given year under construction, and the second was whether CPEC was in effect for that year at all. This allowed the researcher to determine if an increasing number of simultaneous projects had effects on selected trade categories. CPEC projects began in 2015. The dataset compared the years 2013-2018 with 2013 and 2014 acting as baselines for trade values without the onset of CPEC. From 2015-2018, Pakistan began seeing increasing amounts of construction, information, and policy related to CPEC projects promulgating through society. Several of the early harvest projects such as power plants and dams were completed in 2017.⁵⁶ This caused a drop in total CPEC projects in progress for 2018.

The dependent variable in this regression was the total trade value between the two countries. From 2013-2018, trade between the two countries nearly doubled. From a little over \$9 billion to over \$16 billion five years later, export totals from China to Pakistan increased

⁵⁶ Government of Pakistan, 2020.

dramatically. Furthermore, the trade surplus that benefited China increased nearly fourfold from \$4 billion to over \$14 billion during the same time period. However, Chinese imports from Pakistan remained relatively unchanged. These numbers show a markedly uneven trade partnership between the two nations with a majority of the \$16 billion yearly trade stemming from Chinese exports to Pakistan.

The two aforementioned independent variables explained approximately 76.5% of the variation in trade data year over year as shown in the chart below (Figure 4). However, neither of these variables proved significant. This resulted in an inability to reject the null hypothesis of change due to CPEC being zero. At P-values 0.17 and 0.73 respectively, both variables fall far short of the nominal 0.05 threshold for null hypothesis rejection. Even with a significant increase in total trade between the two nations, this change cannot be labeled as an effect of initiating CPEC projects.

One possibility for the dramatic increase in trade may be the implementation of a Free Trade Agreement in 2010.⁵⁷ The early years of CPEC coincided with China's maximum use of the FTA between the two countries. As China is the more powerful manufacturer and can take advantage of production at scale, this may help explain why the trade surplus is so large.

⁵⁷ Ahmad Malik, "The Pakistan-China Bilateral Trade: The Future Trajectory," *Strategic Studies* 37, 1, 2017, accessed December 03, 2020, doi:10.2307/48535987.

Regression Statistics						
Multiple R	0.926702111					
R Square	0.858776802					
Adjusted R Square	0.764628004					
Standard Error	1427333.688					
Observations	6					
ANOVA						
	df	SS	MS	F	Significance F	
Regression	2	3.71661E+13	1.8583E+13	9.121484	0.053071219	
Residual	3	6.11184E+12	2.03728E+12			
Total	5	4.32779E+13				
	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	10559932.19	1009277.33	10.46286474	0.001864	7347961.28	13771903.1
CPEC Projects	431130.6047	244785.7081	1.761257257	0.176412	-347886.7675	1210147.977
CPEC?	929686.2976	2526160.044	0.368023515	0.737289	-7109682.4	8969054.995

Figure 4. *Trade Regression Results*. Chart created by author. Data from the World Bank, accessed September 18, 2020, <https://wits.worldbank.org/CountryProfile/en/Country/PAK>.

Changes to the local economy

Another aspect to examine using CPEC data is the effect it has on national unemployment rates and the strength of the host nation economy in per capita GDP. China has touted CPEC as a driver for economic growth by elevating local quality of life, increasing local productivity, and creating 2.3 million jobs by 2030.⁵⁸ In assessing CPEC's efficacy in these claims, the number of ongoing CPEC projects and the presence of CPEC itself are the two independent variables. Dependent variables analyzed are Pakistan's per capita GDP and national unemployment rate.

The presence or even number of CPEC projects has little significance in affecting the national unemployment rate. The P-value for both independent variables are well above the significance threshold, and results in failing to reject the null hypothesis of no change.

Per Capita GDP is an indicator of individual productivity of a country's citizens. Factors of productivity can include having the right infrastructure, enough power to support industry,

⁵⁸ Yao Jing, Speech at the 5th CPEC Media Forum, accessed November 18, 2020, <http://pk.chineseembassy.org/eng/zbqx/t1718338.htm>.

adequate education and schools for a skilled workforce, and overall social stability. Although CPEC planners designed projects to address both infrastructure and energy, the overall effects are still muted. At a high 0.27 and 0.42 P-value, both variables have a negligible effect on per capita GDP. As shown below (Figure 5), the analysis fails to reject the null hypothesis using CPEC project numbers as the independent variable.

<i>Per Capita GDP</i>					
Multiple R	0.897662059				
R Square	0.805797172				
Adjusted R Square	0.708695758				
Standard Error	54.26024585				
Observations	7				
ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	2	48864.52642	24432.26321	8.298511191	0.037714738
Residual	4	11776.69712	2944.17428		
Total	6	60641.22354			
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>
Intercept	1230.03	38.36778779	32.05892419	5.64344E-06	1123.503943
CPEC Projects	11.21327957	8.896317772	1.260440539	0.276026055	-13.48685836
CPEC?	79.4377957	88.96317772	0.892928937	0.422361103	-167.5635836

Figure 5. Economic Regression Results. Chart created by author. Data from the World Bank, accessed September 18, 2020, <https://wits.worldbank.org/CountryProfile/en/Country/PAK>.

Change in UN Voting Patterns

To see if China’s economic initiatives in Pakistan have an effect on political cooperation, UN General Assembly voting patterns give a controlled and measurable way of assessing national preferences year over year. The voting coincidence between two countries is calculated by comparing four possible outcomes for each vote of one country against the actions of the other. The four actions of each vote are support, oppose, abstain, and absent. Support and oppose are simply for and against a given resolution, respectively. Abstain refers to a country deciding not to vote on a resolution despite being present during the process. Absent means the country was not present during the voting process. Voting coincidence is calculated by the percentage of times

two nations acted in lock step with double abstaining situations counted as an instance of positive voting coincidence. Absences on either or both sides count as an instance of negative voting coincidence.

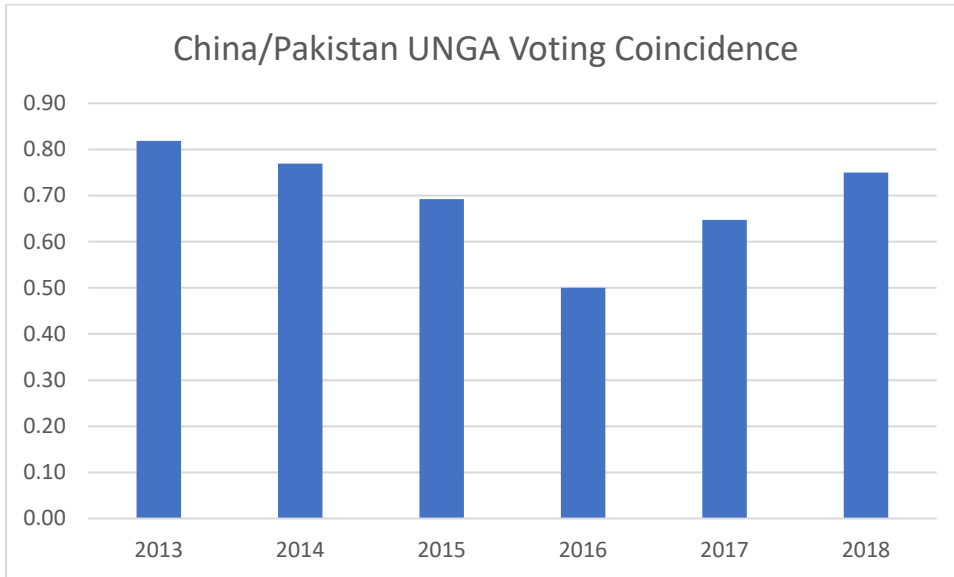


Figure 6. China/Pakistan UNGA Voting Coincidence 2013-2018. Chart created by author. Data from the United Nations General Assembly Voting Data, accessed September 18, 2020, <https://doi.org/10.7910/DVN/LEJUQZ>.

Figure 6 shows voting coincidence patterns for China and Pakistan from 2013 to 2018 in the category of what the United States Department of State calls important actions. Important actions are defined as “votes on issues which directly affected important United States interests and on which the United States lobbied extensively.”⁵⁹ General Assembly voting coincidence between China and Pakistan have remained above 90% over the last forty years when all votes are included.⁶⁰ The real effects of implementing CPEC can better be obtained from analyzing votes that the Department of State deems important actions. Starting with 2014, voting coincidence percentages on important actions between China and Pakistan have fluctuated

⁵⁹ “Important Votes and Consensus Actions,” US Department of State, accessed November 10, 2020, <https://2009-2017.state.gov/p/io/rls/rpt/2015/practices/260116.htm>.

⁶⁰ “Data Analysis: Who Votes With China,” June 10, 2018, accessed November 20, 2020, <https://yiqinfu.github.io/posts/united-nations-general-assembly/>.

dramatically. From a high of 81.82% to a low of 50%, voting coincidences between China and Pakistan are not nearly as mutually supportive when viewed from the lens of selected actions deemed important to the United States.⁶¹

<i>UNGA Voting Coincidence</i>						
Multiple R	0.727523					
R Square	0.52929					
Adjusted R Square	0.293935					
Standard Error	0.092018					
Observations	7					
ANOVA						
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>	
Regression	2	0.038084	0.019042	2.248899	0.221568049	
Residual	4	0.033869	0.008467			
Total	6	0.071953				
	<i>Coefficients</i>	<i>Standard Err</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Intercept	0.793707	0.065066	12.19844	0.000259	0.613053675	0.974359
CPEC Projects	-0.00955	0.015087	-0.63298	0.561127	-0.05143758	0.032338
CPEC?	-0.07371	0.150869	-0.48854	0.65074	-0.492584304	0.345173

Figure 7. UNGA Voting Coincidence Regression Results. Chart created by author. Data from the United Nations General Assembly Voting Data, accessed September 18, 2020, <https://doi.org/10.7910/DVN/LEJUQZ>.

The null hypothesis is CPEC has no measurable effect on the UN General Assembly voting patterns between China and Pakistan. In assessing the efficacy of CPEC on voting patterns, the dependent variable of the regression was the yearly voting coincidence between the two nations. The two independent variables were the number of CPEC projects per year and if CPEC was implemented for the year of measurement. These two independent variables only account for 29.39% of the model’s variability as shown in Figure 7. Therefore, changes in voting coincidences are likely to be explained by factors outside of Chinese economic investment.

⁶¹ US Department of State, 2020.

The p-values of both independent variables are well above the 0.05 threshold for significance. At 0.56 and 0.65 respectively, neither the number of projects per year nor the simple presence of CPEC have strong correlations with year over year voting coincidences. Therefore, the null hypothesis of CPEC having no measurable effect on UN voting actions and voting coincidences between China and Pakistan cannot be rejected.

Change in Statements of Mutual Support

Pakistan has given China immense political support through some of the most sensitive issues faced by the Chinese Communist Party. Whereas the United States and other Western nations have often criticized China over topics such as environmental degradation, human rights, unfair trade practices, and political reform, Pakistan has stood by its close ally and iron brother.⁶² Since 2015 and the inception of CPEC projects, there has been a flurry of political statements and mutual affirmation from both Beijing and Islamabad.

China's maritime dispute with its neighbors is a cause for concern in the views of many Asian nations. From the Scarborough Shoal dispute with the Philippines to the Senkaku Island standoff with Japan, China's recent assertions of maritime dominance has made it a target of international arbitration and political pushback.⁶³ While courts and tribunals have overwhelmingly sided with the targets of perceived Chinese aggression, Pakistan has nonetheless continued to support China.⁶⁴ Despite affirmation from numerous nations such as the United

⁶² Shannon Tiezzi, "Which Countries Support China on Hong Kong's National Security Law," *The Diplomat*, October 09, 2020, accessed December 13, 2020, <https://thediplomat.com/2020/10/which-countries-support-china-on-hong-kongs-national-security-law/>.

⁶³ James Stavridis, "World Cannot Ignore Chinese Aggression in South China Sea," May 30, 2020, accessed October 23, 2020, <https://asia.nikkei.com/Opinion/World-cannot-ignore-Chinese-aggression-in-South-China-Sea>.

⁶⁴ Nargiza Salidjanova, "South China Sea Arbitration Ruling," *US-China Economic and Security Review*, July 12, 2016, accessed November 10, 2020, <https://www.uscc.gov/research/south-china-sea-arbitration-ruling-what-happened-and-whats-next>.

States, Pakistan opposed the international arbitral tribunal's findings and criticized the ruling as an "imposition of unilateral will" against its friend and ally.⁶⁵

Another issue of international censure is China's treatment of its Muslim Uighur population in the Xinjiang Autonomous Region. Not bowing to increasing international pressure, China continues to separate, detain, and forcibly reeducate over one million ethnic Uighurs in over 1200 suspected camps often labeled as job training centers.⁶⁶ With suspicion and detainment following simple actions such as attending service at a mosque or sending Quran verses over text, many Uighurs are targeted solely on their religious beliefs.⁶⁷

Given Pakistan's status as a prominent Islamic country that is outspoken on the mistreatment of Muslims worldwide, the lack of Pakistani criticism towards Beijing stemming from their treatment of ethnic Uighurs is noticeable. At the World Economic Forum, Prime Minister Imran Khan publicly acknowledged that his country and government were appreciative of Beijing's support, and that "they came to help us when we were at rock bottom."⁶⁸ When questioned about China's persecution of the Uighurs, Prime Minister Khan attempted to redirect the conversation towards India and its actions in the Kashmir region.⁶⁹

Messaging and statements after China's recent crackdown on Hong Kong democracy protesters is another example of Pakistani support to its close ally. Beijing recently enacted a national security law that removed the remaining vestiges of Hong Kong legislative independence

⁶⁵ "South China Sea: US, India say 'accept ruling' while Pakistan backs China," *Times of India*, July 13, 2016, accessed November 10, 2020, <https://timesofindia.indiatimes.com/india/South-China-Sea-India-US-say-accept-ruling-while-Pakistan-backs-China/articleshow/53178722.cms>.

⁶⁶ Lindsay Maizland, "China's Repression of Uighurs in Xinjiang," *Council on Foreign Relations*, July 26, 2020, accessed October 07, 2020, <https://www.cfr.org/backgrounder/chinas-repression-uighurs-xinjiang>.

⁶⁷ Ibid.

⁶⁸ Rhea Mahbubani, "Pakistani leader Imran Khan admitted he refuses to criticize China's treatment of its Uighur minority because they 'helped us when we were at rock bottom,'" *Business Insider*, January 22, 2020, accessed October 12, 2020, <https://www.businessinsider.com/imran-khan-pakistan-wont-criticize-china-on-uighurs-2020-1>.

⁶⁹ Ibid.

and freedom of expression.⁷⁰ Concerns mounted in Hong Kong and abroad about what is perceived as a nail in the coffin on China's "one country, two systems" framework of governing the former British colony. While the United States, Canada, Australia, New Zealand, and the United Kingdom released a joint statement condemning China's actions as "a clear breach of its international obligations under the legally binding, UN-registered Sino-British Joint Declaration," Pakistan once again remained supportive of its ally.⁷¹ In a statement to the United Nations General Assembly, Pakistan's representative labeled Hong Kong as "an inalienable part of China," and that Hong Kong remained a part of "China's internal affairs that brook no interference by foreign forces."⁷²

Of all the flashpoint issues between China and the United States, none are as sensitive as Taiwan's relationship with Beijing. As the last bastion of the Republic of China government after their defeat at the hand of the communists in 1949, Beijing views Taiwan as a de-jure province and an inseparable part of its national sovereignty.⁷³ Any mention of independence, foreign weapons sales, or Taiwanese interaction with foreign heads of state result in angry rhetoric from China. In support of its ally, Pakistan has made it clear that it supports the One-China policy, and that Taiwan is irrefutably a part of China.⁷⁴

A final issue that shows stalwart Pakistani support is that of COVID-19. In an effort to maintain bilateral relations and continue to receive Chinese capital investment, Pakistan refused

⁷⁰ Anthony Wallace, "Hong Kong Security Law," *BBC International*, June 30, 2020, accessed October 15, 2020, <https://www.bbc.com/news/world-asia-china-52765838>.

⁷¹ "Joint Statement on Hong Kong," US Department of State, 2020, accessed November 21, 2020, <https://www.state.gov/joint-statement-on-hong-kong/>.

⁷² "Hong Kong is China's internal affair, Pakistan tells UN," *Pakistan Today*, October 08, 2020, accessed November 03, 2020, <https://www.pakistantoday.com.pk/2020/10/07/hong-kong-chinas-internal-affair-pakistan-tells-un/>.

⁷³ "Xi Jinping says Taiwan 'must and will be' reunited with China," *BBC International*, January 02, 2019, accessed November 03, 2020, <https://www.bbc.com/news/world-asia-china-46733174>.

⁷⁴ Huan Xiao, "Full text of China-Pakistan joint statement," *Xinhua*, March 18, 2020, accessed November 03, 2020, http://www.xinhuanet.com/english/2020-03/18/c_138888840.htm.

to evacuate thousands of students from Wuhan, the epicenter and origin of the deadly coronavirus.⁷⁵ Even with mounting pressure from students and families pressing for evacuation, Prime Minister Khan stuck with his ally and claimed that “in a few days everything would be normal.”⁷⁶ Furthermore, when world leaders criticized China for its slow response and attempts to silence early whistleblowers, Pakistan refrained from making any comments to that effect.

In the five years since the inception of CPEC, the world has seen Pakistan siding with China on issues of maritime disputes, religious persecution, crackdowns on democratic reform, Taiwan, and a pandemic that continues to ravage the world. Due to economic and historical ties, it is unlikely that Pakistan will criticize its powerful neighbor even if faced with similar issues in the future. Pakistani statements of support to China and actions portraying trust and friendship are highly appreciated by Beijing. From Xi Jinping to various ambassadors and ministers, China has not been reticent in thanking Pakistan for its seemingly unwavering support in the forms of infrastructure investments, state visits, and student exchanges.⁷⁷

⁷⁵ Dīaa Hadīd, “Pakistani Students In Wuhan Say Pakistan Won’t Evacuate Them For Political Reasons,” *NPR*, February 16, 2020, accessed November 03, 2020, <https://www.npr.org/2020/02/16/806417296/>.

⁷⁶ Suchitra Karthikeyan, “Imran Khan Breaks Silence on Pakistan Students Stuck in China’s Coronavirus-hit Wuhan,” *Republic World*, March 17, 2020, accessed November 16, 2020, <https://www.republicworld.com/world-news/pakistan-news/imran-khan-breaks-silence-on-pakistan-students-stuck-in-china.html>.

⁷⁷ “China appreciates Pakistan’s support on Hong Kong stance,” *Pakistan Today*, October 10, 2020, accessed November 03, 2020, <https://www.pakistantoday.com.pk/2020/10/10/china-appreciates-pakistans-support-on-hong-kong-stance/>.

Findings and Analysis

This paper's primary research question asked what China and Pakistan gained from implementing CPEC. The secondary research questions asked how CPEC affected the categories of trade, per capita GDP, unemployment rates, bilateral voting coincidences, and statements of mutual support. Although the analysis of data collected from 2013-2018 showed that ongoing commitments of CPEC had no measurable impact on bilateral trade, UN voting coincidence, or local unemployment rates, the overall effects of CPEC on China-Pakistan bilateral relations cannot be disregarded for three important reasons. First, CPEC is still in its initial stages with only nine early harvest projects complete for measurement. Second, many of the benefits for China in their Pakistan investment strategy may be intangible or otherwise difficult to measure. Finally, as seen in the world today, perception and messaging often trump facts and calculations.

CPEC was announced in 2015 by Xi Jinping in a state visit to Pakistan. However, the first projects did not complete construction until 2017 with a majority of these early harvest projects being coal power plants, hydroelectric dams, and other energy generating infrastructure.⁷⁸ This is understandable as Pakistan is chronically short on power generation, and its industry suffers from sporadic power outages, overconsumption, and inefficient energy allocation across different provinces. At the height of its power woes, some regions in Pakistan remain without power for up to eighteen hours a day.⁷⁹

Chinese early harvest projects appear to have been designed to address these energy shortfalls, and can be considered quick and decisive wins for government messaging. With almost 11,000 megawatts of power generation capacity, these projects boost Pakistan's energy

⁷⁸ Government of Pakistan, 2020.

⁷⁹ Robert Ichord, "Transforming the power sector in developing countries: Geopolitics, poverty, and climate change in Pakistan," *Atlantic Council*, January 09, 2020, accessed November 03, 2020, <https://www.atlanticcouncil.org/in-depth-research-reports/issue-brief/transforming-the-power-sector-in-developing-countries-geopolitics-poverty-and-climate-change-in-pakistan/>.

production by almost 40% from pre-CPEC data.⁸⁰ However, there are two factors that continue to plague Pakistan even with this additional capacity. First, the crumbling power distribution infrastructure cannot handle the vast demand for a nation of over 200 million people. Second, institutional barriers such as government control of transmission and distribution inhibits the profitability and efficiency of the Pakistani power sector.⁸¹

As a developing nation with over 200 million people and a geography that spans from dense coastal cities to sparsely populated mountainous tribal areas, building and maintaining reliable power distribution infrastructure is a colossal undertaking. In addition to power generating facilities such as coal power plants and hydroelectric dams being built through CPEC early harvest projects, Pakistan is in need of complementary infrastructure. The country possesses deteriorating transmission lines, transformers, and other parts of a vital system that has historically been underfunded, mismanaged, or damaged by natural disasters.⁸² The increase in consumer demand as electronic devices reach more households in conjunction with a growing population only places additional stress on an already taxed electric grid.

In addition to a demand side increase, government mismanagement and corruption have also contributed to the Pakistani power crisis. State bureaucratic hurdles, political patronage, and theft have reduced the overall profitability of the entire sector. As a majority state run industry with allocation amounts controlled by the government, even the increase in power generation capacity given by CPEC projects cannot completely overcome institutional hurdles of getting electricity to households and businesses. A weak legal enforcement framework and rampant power theft also contributes to the deterioration of providing electricity to Pakistani citizens.⁸³

⁸⁰ Ichord, 2020.

⁸¹ Fatima Habib, "Power shortages in Pakistan: Causes and Solutions," *International Growth Centre*, July 2018, accessed November 03, 2020, <https://cdpr.org.pk/wp-content/uploads/2018/07/Power-outages-final-brief.pdf>.

⁸² Ibid.

⁸³ Ibid.

As discussed previously, planning and building power generation capacity will not solve Pakistan's energy crisis by itself. Complementary improvements to the electric grid and government reforms are needed. Since these types of projects are the only ones complete in the early harvest phase, it is not surprising that an increase in absolute megawatt output does not directly translate to measurable increases in economic gains. This may be one reason why analysis of economic data from 2013-2019 does not show a discernible change after the implementation of several CPEC projects.

A second and more controversial reason why China is investing in Pakistani infrastructure is that the gains for China through CPEC are not primarily measured in trade volume or GDP growth. As scholars have pointed out, "CPEC is not just an economic project; it has political and strategic dimensions for both, Pakistan and China."⁸⁴ The potential political and strategic gains are numerous, but three stand out that deserve further analysis. First, China stands to gain a position of relative strategic advantage in the Pakistani port city of Gwadar. Second, the development of Special Economic Zones (SEZs) gives China opportunities to expand and showcase its technology companies to audiences outside Pakistan. Finally, measured CPEC progress gives China an exportable model of development for use in other nations.

Situated close to Iran in Southwest Pakistan with access to the Gulf of Oman, the port city of Gwadar is located at a strategic geographic position that links western China directly with shipping routes to the Middle East and Africa. Prior to the opening of Gwadar as a port for use by Chinese state-owned enterprises (SOEs), raw materials and petroleum products had to transit the Strait of Malacca. The strait is a narrow body of water patrolled by the navies of India, the United States, Singapore, Malaysia, Indonesia, and Vietnam. Since China is either in competition or

⁸⁴ Khan, 2019.

territorial disputes with all of these nations, creating an alternative to using the Strait of Malacca is a shrewd strategic move.⁸⁵

Gwadar's location on the Gulf of Oman, and its connectivity to western China through rail and pipeline, allows Beijing to theoretically bypass the Strait of Malacca. Having a direct land route that is completely within friendly controlled territory, as opposed to the Bangladesh China India Myanmar Corridor which travels through major regional competitors, reduces the risk to a raw material and petroleum dependent economy. This negates the advantages that the United States, India, and other partner nations have over China in naval power projection, and presents a dilemma to strategic planners in how to counter growing Chinese assertiveness in South Asia.⁸⁶

The nomination of Gwadar as a regional trade hub follows what analysts coin the “port-park-city” model of development.⁸⁷ Although Pakistan rejected the use of the Chinese Renminbi as currency in Gwadar citing economic sovereignty, the city itself contains numerous logistics, communications, and transportation projects that make it a prime example of the Chinese development model.⁸⁸ As more countries agree to become a part of BRI and its development model, Chinese state-owned enterprises stand to gain international recognition and prestige as the partner of choice for others to follow.

In addition to Gwadar and the technological commitments of building a modern cosmopolitan city, China has secured markets for its SOEs in various special economic zones

⁸⁵ “Territorial Dispute in the South China Sea,” *Council on Foreign Relations*, accessed November 02, 2020, <https://www.cfr.org/global-conflict-tracker/conflict/territorial-disputes-south-china-sea>.

⁸⁶ Daniel Markey, “Why the China-Pakistan Economic Corridor Will Worsen Tensions in Southern Asia,” *War on the Rocks*, September 28, 2017, accessed November 02, 2020, <https://warontherocks.com/2017/09/why-the-china-pakistan-economic-corridor-will-worsen-tensions-in-south-asia/>.

⁸⁷ Veerle Nouwens, “China’s 21st Century Maritime Silk Road,” *RSUI Occasional Paper*, February 2019, accessed November 02, 2020, https://rusi.org/sites/default/files/20190214_nouwens_maritime_silk_road_web.pdf.

⁸⁸ *Ibid.*, 17.

throughout Pakistan. From Islamabad to Dhabeji, these designated zones provide a wealth of opportunities such as tax incentives, relaxed financial regulations, and concentrated resources for manufacturing and engineering.⁸⁹ One often overlooked advantage of SEZs is the communications infrastructure that is required to sustain them. Like their design of digital free trade zones (DFTZs) in Malaysia, gaining access to markets and infrastructure development allows China to saturate a developing market with its own brand of technology and ecommerce institutions.⁹⁰

Through SEZs and DFTZs in Pakistan and Malaysia respectively, China can design, implement, and control many of the commonly used platforms for digital access. The proliferation and use of Chinese made applications, smart phones, and other devices with data connectivity gives Beijing a major advantage when competing against local service providers if they have not been priced out of the market. By leveraging its superior communications infrastructure and economy of size, China has the ability to influence the digital development of a region for its own economic and political purposes.

As discussed previously, CPEC is a framework for China to show credibility in its development model of choice, and any perceived success can result in an increase in perceived viability for BRI. The success of this framework as an exportable model relies on two overarching requirements: success in the information realm and sustainability from an economic view. While scholars have cast doubts over the success of CPEC, the information and messaging from both Pakistan and China have been adamant in its continued success.⁹¹ To cope with the

⁸⁹ Government of Pakistan, 2020.

⁹⁰ Hugh Harsono, "The China-Malaysia Digital Free Trade Zone: National Security Considerations," *The Diplomat*, July 25, 2020, accessed on November 02, 2020, <https://thediplomat.com/2020/07/the-china-malaysia-digital-free-trade-zone-national-security-considerations/>.

⁹¹ Andrew Small, "Returning to the Shadows: China, Pakistan, and the Fate of CPEC," *Center for Asian Law*, September 2020, accessed November 20, 2020, <https://www.law.georgetown.edu/law-asia/wp-content/uploads/sites/31/2020/09/Small-China-Pakistan-CPEC-GMF-GCAL-report-17-September-1.pdf>.

coronavirus pandemic, China has significantly scaled back its ambitions in Pakistan. This is not being portrayed as a failure in CPEC itself, but a necessary renegotiation to deal with a crisis outside of any one country's control.⁹²

In assessing China's messaging for BRI projects and their acceptance by other countries, the Horn of Africa (HOA) offers a unique perspective. Chinese development in the HOA almost mirrors that of Pakistan in the creation of SEZs, industrial parks, and railways connecting major regional hubs to the coast.⁹³ In Pakistan, it was Gwadar and the Hyperabad-Lahore-Gwadar railway. In the HOA, it is Djibouti and the Addis Ababa railway. Chinese projects in Ethiopia can be viewed as an African version of China's CPEC development strategy. The presence of the Chinese funded African Union headquarters and several major hydroelectric projects that are causing contention with downstream Nile River neighbors all contribute to linking valuable inland resources to a friendly or Chinese controlled port.⁹⁴ While India protests CPEC as an infringement on its claim over Kashmir, Sudan and Egypt are at odds with Ethiopia and the Grand Ethiopia Renaissance Dam (which China is assisting) over perceived threats to water security.⁹⁵

China's close relationship with Ethiopia parallels its relationship with Pakistan. Both Pakistan and Ethiopia have ties to the United States that China is making efforts in replacing. Pakistan is a recipient of weapons and counterterrorism aid from the United States while Ethiopia is a recipient of US development aid.⁹⁶ By replicating its flagship CPEC model in the HOA with

⁹² Small, 2020.

⁹³ Paul Nantulya, "Implications for Africa from China's One Belt One Road Strategy," *Africa Center for Strategic Studies*, March 22, 2019, accessed November 12, 2020, <https://africacenter.org/spotlight/implications-for-africa-china-one-belt-one-road-strategy/>.

⁹⁴ John Mbaku, "The Controversy over the Grand Ethiopia Renaissance Dam," *Brookings*, August 05, 2020, accessed November 02, 2020, <https://www.brookings.edu/blog/africa-in-focus/2020/08/05/the-controversy-over-the-grand-ethiopian-renaissance-dam/>.

⁹⁵ Ibid.

⁹⁶ Ibid.

Ethiopia and Djibouti as a focal point, China has another opportunity to show the advantages of its model over the traditional liberal democratic development model.

In addition to messaging potential BRI partners and framing CPEC as a viable model the project must first achieve economic viability. Since CPEC has existed for less than five years and economic impacts are not yet measurable, it is difficult to show sustainability or profitability for individual projects. Furthermore, China may have an unforeseen advantage due to COVID-19 and the global impact of the pandemic. It is not beyond the realm of possibility for China to frame any negative economic metrics or failure to reach a desired level of output as a pandemic induced aberration, and not a failure of project planning or implementation.

The framing of CPEC as a showcase model for export has another implication for debt financing. Due to the high visibility and importance of Chinese projects in Pakistan, the two nations are more careful in selecting projects that have a high probability of success and funding through entities that are not overleveraged or under financial strain.⁹⁷ Since the Chinese government underwrites many of the lending institutions that fund BRI, the guarantor of funding for CPEC is ultimately the Chinese government.

Although the aforementioned analysis finds the effect of CPEC on selected economic metrics to be negligible, it is important to note that numerical charts and graphical data can be depicted in ways that perpetuate misleading conclusions. While economists and others attuned to macroeconomic changes can differentiate between correlation and causation of CPEC and various measurements presented earlier, an average reader of newspaper articles or infographics can be misled into seeing a relationship between one does not statistically exist. From 2013 to 2018, there was a general increase in Pakistani GDP while unemployment rates plummeted. A quick glance at when CPEC projects began following a chart showing GDP over time can lead to

⁹⁷ Jon Jiang, “Understanding the Intersection of the Belt and Road Initiative and China’s Supply-Side Structural Reform,” *Jamestown China Brief*, September 28, 2020, accessed November 03, 2020, <https://jamestown.org/program/understanding-the-intersection-of-the-belt-and-road-initiative-and-chinas-supply-side-structural-reform/>.

making connections between these datapoints. As is all too common, perception is reality and system one conclusions made by the human mind are lasting and require significant mental exertion to overcome.⁹⁸

Conclusion

China's investment in Pakistan through CPEC has not resulted in measurable economic, political, or social changes. When measuring the presence of CPEC and the number of projects per year against trade data, unemployment rates, GDP, and voting coincidence in the United Nations General Assembly, there is no discernible effect of projects on the mentioned metrics. Although there is a visual correlation between an increase in GDP, trade, and lower unemployment with the corresponding years that CPEC was initiated, the statistical model cannot attribute these variations to CPEC with a minimum degree of significance. Therefore, the answer to the primary research question of what China and Pakistan each gain through the bilateral economic corridor cannot be ascertained solely from the economic data. It required using qualitative analysis to explain the lack of visible economic effects.

Although neither China nor Pakistan saw significant changes in bilateral trade or GDP as a result of CPEC, national gains were not limited to measurable economic and labor data. Qualitatively, there appeared to be political cooperation through official state messaging and statements of mutual support regarding key flashpoint issues of international salience. These statements conveyed a China-Pakistan solidarity that transcends normal assumptions made about religious differences, pandemic response, and political crackdowns. The fact that Pakistan remained a stalwart Chinese friend through flashpoint events such as Chinese persecution of Muslim Uighurs, Tiananmen Square, COVID-19, and recent Hong Kong protests showed the deep and symbiotic relationship that the two nations share.

⁹⁸ Daniel Kahneman, *Thinking, Fast and Slow* (New York: Farrar, Straus and Giroux, 2011).

Beijing treated its close relationship with Islamabad through a pragmatic lens. Leveraging the decades long Sino-Pakistan period of cooperation and friendship, Xi Jinping framed CPEC as the flagship and showcase model of BRI for good reason. Economic and trade data aside, China gained significant advantages after investing in Pakistan. From global image branding to bypassing potential hostile forces near the Strait of Malacca, many of the benefits for China were intangible or unable to be neatly placed in a database or spreadsheet.

Pakistan also gained significantly from CPEC, and from cooperating with Chinese interests in the region. Planned railway and pipelines run directly through Pakistan controlled Kashmir, a strong statement against India's Kashmiri interests by one regional and one arguably global power. While India is often a target for Pakistani and Chinese mutual ire, the United States cannot be left out of the equation. Although Pakistan is arguably an important ally of the United States in the war on terror, recent rapid Afghanistan force reductions have caused consternation and worry in Islamabad and Prime Minister Khan's inner circle.⁹⁹ By tying itself closer to China economically and politically, Pakistan's security and sphere of influence against India can continue even as US interests in the region wane.

A final point for CPEC and its effects on both nations is that it is too early to make accurate and meaningful economic measurements. Almost all of the early harvest projects were power generation infrastructure including several coal powered electric plants and hydroelectric dams. While significant in reducing the power generation shortage by almost half, the absence of meaningful government reforms and modernization of the electric grid obscured the full benefits of these newly completed projects. Pakistan has recognized the need for increased government accountability, stronger legal framework, and privatization of the industry. These reforms, in

⁹⁹ Madiha Afzal, "Will the Afghan Peace Process be Pakistan's Road to Redemption," *Brookings*, June 25, 2020, accessed November 18, 2020, <https://www.brookings.edu/blog/order-from-chaos/2020/06/25/will-the-afghan-peace-process-be-pakistans-road-to-redemption/>.

addition to second and third iteration projects that address the ageing electric grid and distribution system, have the potential to show CPEC in a positive economic and political lens.

There are several takeaways for the United States related to China's experience implementing their regional economic and political strategy. First, the economic breakeven point may be years or decades away for some BRI projects. Second, economics are only one factor when considering BRI holistically. Third, what works in one country and system may not work in another, but China is learning quickly to adjust their negotiations and implementation plans. Finally, China views BRI in a unified action lens.

When analyzing data for project effectiveness, it should be noted that certain projects are precursors to others in the pipeline. Taken independently, the data for early harvest projects in CPEC demonstrated no effect on economic growth. However, this conclusion may be misleading since the requisite support infrastructure and government reforms have not been implemented. It might take upwards of several years for a newly completed infrastructure project to be fully utilized with the correct labor skillset, government policy, and resource allocation.

Viewing CPEC and BRI through only an economic lens can be a strategic error. Politics, influence, digital access, and the proliferation of a benevolent Chinese national image all played significant parts when designing and implementing BRI projects. From the Ethiopian dam projects to Gwadar Port, projects were not approved by the CCP or SOE delegation for solely economic profitability. The secondary and tertiary reasons for investment were often more important than the surface economic benefit. For example, while Gwadar can be framed as a profitable venture aiming at building a maritime trade hub, the real value lies in giving China options against competitors possessing naval superiority.

China undoubtedly made mistakes during CPEC implementation. However, they were quick to recover and renegotiate due to the concern for prestige and avoiding political fallout. Early iterations of BRI were disparaged as debt-trap diplomacy and predatory lending practices.

China's foray into CPEC showed a willingness to learn from past mistakes. The agreements China had with Pakistan were much more equal in nature and relied on the host country for project viability assessments. When COVID-19 brought CPEC to a halt, China and Pakistan were quick to renegotiate their project list to reflect the new reality. CPEC regained its momentum after a momentary delay with changes approved by both parties.

A final takeaway lesson was China's implementation of BRI. Instead of using purely an economic, diplomatic, or military element of national power, China approached BRI with a unified action mindset that combined a powerful central government, state-owned enterprises, the military, the private sector, international partners, and a large migrant workforce. The ability to coordinate such broad segments of society into one focused team for BRI implementation allowed China to expedite projects in a way that government only or private sector only approaches cannot accomplish.

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