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Research Paper

THE ROLE OF CHINA PAKISTAN ECONOMIC CORRIDOR (CPEC) IN THE CHANGING GLOBAL ORDER

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ABSTRACT

The China-Pakistan Economic Corridor (CPEC), which completed its first decade in 2025, has entered a new phase known as CPEC 2.0, focusing on technology transfer, green energy, artificial intelligence, and agricultural development. This study examines the evolving strategic and economic partnership between China and Pakistan amid changing global geopolitical dynamics and uncertainties surrounding US foreign policy under the Trump administration. It explores how international tensions, trade disputes, and regional instability have influenced bilateral relations and strengthened cooperation between Beijing and Islamabad. The study adopts a qualitative research approach based on secondary data collected from academic journals, policy documents, official reports, and relevant publications. The findings suggest that CPEC 2.0 offers significant opportunities for economic growth, technological advancement, defense cooperation, and regional connectivity. Furthermore, China's continued engagement with Pakistan highlights the importance of strategic partnerships in an increasingly uncertain international environment. The study concludes that strengthened China-Pakistan cooperation can contribute to regional stability and sustainable economic development.

KEY WORDS: Territorial Issues, Threat, Volatile, Economic Clout, and Industrial Development

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INTRODUCTION

The China-Pakistan Economic Corridor (CPEC) which has recently completed the ten years of its success in the year 2025 has advanced into next phase of the agreement what is known as the CPEC 2.0 aimed to transfer of technology cooperation in the green energy, and improvement in the AI sector as well as agricultural advancement. The bilateral ties between two states has strengthened between Peoples Republic of China and Pakistan since their establishment of ties in 1950s and with the CPEC the ties has turned into economic partnership. With the Trump administration's tariff war, and his policies of dictating terms over the other states including the US role in establishment of Board of Peace for the Gaza, as well as its continued support to the Ukrainian forces against the Russia, the kidnap of the Venezuelan President Niccolo Maduro, and the putting pressure on Iranian regime to come to its terms made the world an anarchic due to the unpredictability and unreliability of the Trump's decisions. The role of Pakistan and China during these troubled times has remained well due to the fact that Beijing's leverage over the Tehran as well as Islamabad's commitment to establish peace in its neighborhood and friendly ties with both powers and good times with neighbors made it a suitable choice. In these chaotic times when US has left its allies Beijing stood with its partners not only strengthening their defence ties but also enhance their bilateral economic cooperation via CPEC. Peoples Republic of China (PRC) and Islamic Republic of Pakistan established their diplomatic ties in May 1951, but the differences over the territorial issues continued to remain a thorn in the smooth ties between two states until the 1963 Border Agreement was signed (Small, 2015). The wars with India and US abandonment in the midst of the conflict has strengthened the ties between the two states during the 1970s. Pakistan's 1971 humiliation in war with India and the separation of East Pakistan into formation of a new state of Bangladesh has further pushed Islamabad towards Beijing. During these troubled times Pakistan's remained isolated due to US sanctions, and has to deal with threats from New Delhi after the nuclear test of India in 1974 (Memon, 2008). Beijing supported Pakistan in these times and has forged strategic partnership with the country aimed to bolster its defenses with the mutual enemy India. Beijing's own territorial issues with India resulted the War in 1962 (Riedel, 2017) and this mutual hostility has further strengthened the bond with Pakistan. China provided its military support since the 1966 but the real development came in the Beijng's contribution towards Pakistan's nuclear programme and the development of Chasha nuclear power plant is one of the prime examples (Hermann, 2018).The turn of the new millennium has shifted the Chinese focus on the policies as Beijing looked to strengthen its economic and foreign policy position around the globe (Cai, 2017) and this led the announcement of the Belt and Road Initiative (BRI) in 2013. The BRI was aimed to connect the world with the Chinese markets was a new driving force in the global order. BRI remained a dream project of the Chinese President Xi Jinping's. As the Beijing's economic clout has grown since the turn of the new millennium and witnessed the growth and influence and Chinese domination in international markets as the Beijing emerged as the major trading partner of the US traditional allies Japan, South Korea, European Union, India and even to the US. In order to maintain its trade with the global economies and further expand its routes and connect the African and South American states via this project. It is in this regard and the threats present in the South China Sea (SCS) due to the volatility over the issues of disputed islands in the

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region. Beijing's Nine Dash Line policy, and Taiwan Issue as well as the US presence in the region marked a greater threat to Beijing trade via the region. Beijing rather than completely relying on this route has looked for alternatives and in this regard Pakistan provides a perfect opportunity for China as it shared strategic ties with Islamabad since the 1960s but has good trade ties, and can use the safe and easy passage to the toward bypassing the volatile East Asian region. Pakistan's economic ties has continued to strengthen with China over the years and this resulted the agreement on building an economic corridor (Shad, Mustafa, and Tariq, 2024).

Literature Review

Beijing expanded the project towards South Asia via Pakistan known as the China-Pakistan Economic Corridor (CPEC) which connects the western China with the important regions of Central Asia, South Asia and the West Asia. The geo-strategic position of the Pakistan further provides China an access to the Indian Ocean via the Gwadar Port situated just outside the Persian Gulf makes it one of the key ports in the modern conflicts in handling the Chinese interests in the region. The project was signed between Pakistan and China in 2015 initially worth of USS 46 billion later was revised to US$ 62 billion. The project was aimed to improve the aging infrastructure of the Pakistan through the construction of new motorways and highways, and improve the standards of the rail networks across the country, and the second most important factor was to address the energy crisis as the country was witnessing one of the darkest hours in its history.

Method and Material

This study adopts a qualitative research approach based on descriptive and analytical methods to examine the evolving China-Pakistan bilateral relationship under CPEC 2.0 amid changing global political dynamics. Data are collected from secondary sources, including academic journals, research articles, policy documents, official government reports, international news publications, and statements issued by Chinese and Pakistani authorities. The study employs thematic analysis to explore key areas of cooperation, particularly economic development, green energy, artificial intelligence, agricultural advancement, technology transfer, and defense collaboration. It also examines the implications of US foreign policy, including tariff disputes, geopolitical tensions, and regional instability, for China-Pakistan relations.

Results and Discussion

The successful completion of the ten years of the project has achieved the completion of more than 43 projects worth over US$ $24.70 billion (Pakistan Today, 2024) which are:

9,500 MW of the electricity has been added to the national grid including the Thar Coal, Thal Nova, Suki Kinari Hydropower, Karot Hydropower and others.

The infrastructure of road networks has been built including the construction of highways and motorways these includes the completion of Multan-Sukkur Motorway, Hakla-D.I. Khan Motorway, and Havelian-Thakot Section of KKH Phase II.

The Orange Line Metro Train project at Lahore.

Optical Fiber from Khunjreb to Rawalpindi

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Constructed the operational port at Gwadar, an international port, and Pak-China Friendship Hospital and Desalination plant at Gwadar were also developed at Gwadar. The CPEC projects has generated more than 200,000 jobs the development of the seven Special Economic Zones (SEZs) in the different parts of the country. CPEC 2.0 which was signed in October 2025 has set the new targets that from energy and infrastructure to expand the industrial development of the country. The number of the SEZs will be increased to 44 next year in 2026. The phase 2 of the projects aimed to develop five corridors of industrial growth through the expansion of the Special Economic Zones (SEZs), improvement of living standards and reducing the poverty through the generation of jobs, bringing innovation through induction of modern technologies including investments in IT centers, 5G Technology and creating Digital Silk Road, bringing the green technology in the country in order to meet the climate change effects and introducing new techniques of agriculture sector (Javed, Choudhary, and Farah, 2025), and the strengthening the regional connectivity with the neighboring states including Afghanistan and Central Asian Republics (CARs). The second phase has brought the businesses interest in the projects as more than 800 business firms has signed MOUs worth of US$ 8.5 billion in various sectors including the agriculture sector. CPEC 2.0 marks a transition from infrastructure development to industrial partnership; from predominantly government led projects to business cooperation; and from bilateral connectivity to regional and global value chains (Iqbal, 2026). The phase 2 will also benefit the youth of the country with the technical knowledge, and skill development of the Pakistani youth through the *Uraan Pakistan* initiative which aims to equip 60% of Pakistani youth with latest skills to provide workforce in different sectors.

Impact of Cpec on the Regional and Global Order

The idea of the anarchic world seemed to fit today's global politics where the central authority of major powers is vanishing and conflicts in the region has offset the peace and the international laws an institutions are no more respected. It is in these chaotic times United States of America (USA) has abandoned its allies in the Asia Pacific region and West Asia as well as NATO allies in Europe. Trump administration pursued the US interests under the policies of Make America Great Again (MAGA), and imposed tariffs as well as passed the financial burden of defending the regions rather than relying solely on US support. It is in this backdrop the ties between two strategic partners China and Pakistan has become most important one owing to their commitment towards each other against the mutual hostile states and the potential threats to their interests in the regions. The West Asian hostile environment which provides 20% of the global energy is choked due to the Iran-US War seemed to halt the Chinese energy demands, and its economic engine. The strategic competition between the United States and China remained a major issue in today's world (Noonari, Mahesar, & Noonari, 2024) when both the blocs are vying for their influence in the global political order. The crisis in the Middle East and Europe as well as the war in South Asia between two nuclear neighbors, and the growing tensions in East Asia and American continents represents the setting of the global chessboard for the Greater Game between the two power centers. The US commitment seemed to create a void for its allies due to Trump administration's policies which have compelled its European allies in its war in Ukraine to make peace with Russia, and buy the US gas, the imposition of tariffs and humiliation of their QUAD partner India

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since the May 2025 war with Pakistan, the Taiwan and East Asian allies were left on their own to deal with the China. Trump's policies alienated its allies (Rapp, 2026) and they looked towards other alternatives including towards China. The visit of the British and Canadian Prime Minister recently showed the policies of western allies of the Washington towards Beijing. As they wanted to maintain balance of power in these chaotic times when their own ally is led by the Trump has sacrificed the western allies through tariffs, threatening the allies of take over as was the case of Canada and Greenland, and reduced them to puppets as was the case of Ukraine which is denied of the military support if it will not agree on US terms of peace with Russia. The impact of the Zionist lobbies is also much stronger on the policy makers across the west including the US through the different funding agencies (Mearsheimer, Waltz, 2007) including the American Israel Public Affairs Committee (AIPAC). The effect can be witnessed with the policies of the Israel in the Middle Eastern region where it continued its wars of aggression since the 1947 and has denied the right of Palestinian statehood and occupied the Golan Heights of Syria since 1967 Arab-Israel war and has established illegal Jewish settlements in Palestinian territories as was promised in 1947 plan. The recent wave of conflict has begun since October 2023 when Israeli Defence Forces (IDF) continued to target the innocent Palestinians in Gaza and has also strike the neighboring states Jordan, Syria, Lebanon, Qatar, and Iraq and Iran. During the attacks on Gaza it has killed more than 70,000 innocent Palestinians and turned the Gaza into a rubble. The western states did not even condemned the Israeli actions and on the other hand they champion the human rights around the globe (Noonari, 2024) including against the Russians in Ukraine War, and Iranian regime, and Chinese actions in Xinjiang.The troubled times has taken the world with the storm as the Trump's policies of imposition of tariffs on every state of the globe, and its realignment towards its allies has left them in surprise. From vanishing support to Ukraine to attack the Greenland and disable the North Atlantic Treaty Organization (NATO) has left its allies in disbelief except for the Israeli lobby which continued to receive the financial and military support. As was witnessed in twelve days of war between Israel and Iran in June 2025 when US came for its support and attacked the Iranian nuclear facility at Fordow, and still today pressurize the Iranian regime of reaching an agreement of freezing the nuclear enrichment and limiting the missile programme which is a greater threat to Israeli state. It is in these difficult times China stood with its allies and provided the support to its partners including the Russia, Iran, and Pakistan in troubled times. The Chinese financial and military support to the Russian war machine is continued since the beginning of the Ukraine war despite the US threats to impose sanctions, and tariffs on Chinese goods.Pakistan's troubled relations with the United States are no secret as since the 2011 the decline in their continued until the recent wave of the rapprochement in Pakistan's ties with the US since the Trump's second tenure when Pakistani leadership honored Trump's call for ceasefire has marked the new beginning of its ties with the Washington. The May 2025 war with India has raised Pakistan's stature at the international level and it has become a major player in the South Asia, and New Delhi cannot be relied a counter weight to China. During the 6th and 7th May 2025 night Indian Air Force (IAF) is pushed back by the Pakistan Air Force (PAF) with the support and cooperation of Chinese technology including its Beidu satellites. The modern combat jets JF-17 and J-10 C fighter jets equipped with the Chinese made PL-15 Beyond Vision Range

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(BVR) missiles (Goswami, 2026) that has made the Indian fighter jets Rafaeal and Mig fighters impossible to fly near the Pakistani border and grounded the Indian Air Force for two days in the midst of war. The war has enhanced Pakistan's geo-political image and has revived the ties with the Washington. Pakistani Prime Minister Shabaz Sharif has praised the President Trump's efforts in establishing peace between Pakistan and India and acknowledged his role for saving millions of lives. The role has increased with the US interests with Pakistan as a result President Trump invited the Pakistani Field Marshall and Army Chief General Asim Munir to Washington in June 2025 and said that he was honored to meet with the Field Marshall at White House (Iqbal, 2025). Trump since the May 2025 war has continuously targeted the Modi and his policies and criticized New Delhi's commitment towards Iran in Chabhar and Russian oil purchases. He imposed 50% of tariffs on India the highest in the region and has imposed the tariffs to make a new deal of US$ 500 billion. During these troubled times CPEC remained a secure and safe route to the China which not only ensures security of the Chinese goods but will also became an easy route reducing the greater distance and connects the Chinese western parts to the rest of the world. The presence of CPEC provided Beijing a closer eye on the developments in the region of the West Asia. Pakistan's borders with Iran as well as its presence in Indian Ocean through the Gwadar Port marks a significant As the CPEC route provides China a major port of Gwadar which connects the Chinese string of Pearls in the Indian Ocean region via the Hambantota, Chittagong and Gwadar. From Gwadar port Beijing can keep an eye on the volatile region of the Middle East particularly the Persian Gulf region due to its proximity with the region. Pakistan's strategic ties with the Middle Eastern states including the Saudi Arabia and Turkey presents Beijing a vital opportunity to make inroads in the US allies via Pakistan. Sino-Pakistan strategic ties via CPEC provides them an opportunity to counter the Indo-US strategic partnership which was aimed to counter the Beijing's influence in the region. As bypassing the Malacca Straits and South China Sea it has already secured the safe passage bypassing the US forces in the region and can provide a major challenge to India in the Indian Ocean region.

Conclusion

The ties between the two states strengthened with the development of economic projects and Islamabad's defence cooperation as well as its reliance on Chinese technology not only on civilian but also in military spheres provides it an opportunity to deal with the growing challenges in the coming times. The CPEC has remained one of the major economic projects in Pakistan's modern history, and its achievements has become a major source of inspiration for the Pakistan as it has rebuild the aging infrastructure of the Pakistan and fulfilled its energy needs, and in the next phase it will bring a new change in the agriculture and technological sector that will continue to push the industrial growth and economic development of the country. The country can no longer be isolated from its hostile neighbors as it connects with the Chinese greater plan, and will reap the benefits with its Central Asian Republics, Russia, as well as with the Tehran in the long run. The Chinese friendly ties with these states can become a major benefit for the Pakistan as it can help it establish friendly ties across the globe, and its stature on the global stage.With the growth of the CPEC the influence of the US in the region is reduced due to the fact that Pakistan's reliance on the US and its financial institutions can be reduced and US leverage on

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Pakistan will also reduce thus providing Beijing ample opportunities with Pakistan which may be helpful to increase the Chinese influence in the region.

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