CPEC and its Influence on US Indo-Pacific Strategy

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Abstract

In June 2019, the United States officially published the Indo-Pacific Strategy Report. In the report, the US called China a revisionist force, and emphasized that India and other South Asian countries are the main defense partners of the US. It selectively ignored Pakistan's position and role. Attitude of the US towards China and Pakistan in the Indo-Pacific Strategy was very clear, which not only brought great pressure on Pakistan but also added many variables to the future direction of the China-Pakistan Economic Corridor (CPEC). Moreover, what impact will the US have on the CPEC by pursuing its Indo-Pacific Strategy and strengthening cooperation with India and other South Asian countries? How should China respond to the US Strategy? Based on these questions, this paper investigates the background, purpose, and promotion of the Indo-Pacific Strategy of the US and analyzes the present situation, characteristics, and problems for the CPEC. This paper further demonstrates the impact and challenges brought by the Indo-Pacific Strategy of the US on CPEC, and puts forward corresponding countermeasures and suggestions.

Keywords: Indo-Pacific Strategy; CPEC; Impact; Countermeasures; United States

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1. Indo-Pacific Strategy

On June 1, 2019, the US Department of Defense officially published the "Indo-Pacific Strategy Report: Preparedness, Partnerships and Promoting a Networked Region" (hereinafter referred to as Indo-Pacific Strategy Report), which points that India is the Major Defense Partner of the Revisionist Power and stressed that the US should strengthen security cooperation with India, Sri Lanka, Maldives, Bangladesh and Nepal, to jointly deal with the security threats in the Indo-Pacific region. The report made no mention of Pakistan, a traditional anti-terrorism ally of the US.¹ The Indo-Pacific Strategy put forward by the US not only brings great pressure on Pakistan but also adds many variables to the future direction of CPEC. It is worth noting that the BRI Initiative proposed by China is mainly based on economic cooperation and aims to promote peace and development in countries along with the BRI. On the other hand, the US Indo-Pacific Strategy takes security cooperation as its key strategy and emphasizes the maintenance of regional peace and stability under the leadership of the US in the Indo-Pacific region. The US Indo-Pacific Strategy seems to have a similar strategic purpose to China's BRI, but it contains the ambition to suppress China, which has brought increasingly negative influence on BRI. It can be seen that the Indo-Pacific Strategy is an important strategic plan of the Trump administration to suppress China's influence in the Indo-Pacific region under the general environment of the continuous decline of American hegemony.

As mentioned above, the US Indo-Pacific Strategy emphasizes that China is a revisionist power² in this region and points out that India is the main defense partner of the US. Ignoring Pakistan's position and role, having an obvious strategic preference for China and India, which also brings the core issues that this paper focuses on strengthening cooperation with India and other South Asian countries in the US Indo-Pacific Strategy. How should China respond to the US Indo-Pacific Strategy? Based on these

¹ I refer to the Indo-Pacific Strategy Report: Preparedness, Partnerships and Promoting a Networked Region issued by the US Department of Defense. <https://www.defense.gov/Newsroom/Releases/Release/Article/1863396/dod-releases-indo-pacific-strategy-report/>, accessed on Dec 12, 2021. In this report, the US Department of Defense described the "Indo-Pacific Strategy" of the US, and focused on China and its neighboring countries.

² Ibid.

questions, this paper investigates the background, purpose, and promotion of the Indo-Pacific Strategy of the US, analyzes the present situation, characteristics and problems for CPEC. It further demonstrates the impact and challenges brought by the Indo-Pacific Strategy of the US on CPEC, and puts forward corresponding countermeasures and suggestions.

2. The current situation of the advance of the US Indo-Pacific Strategy

On June 1, 2019, the US Department of Defense officially put forward a detailed strategic plan around the Indo-Pacific Strategy. The aim is to maintain and expand the strategic interests of the US in the Indo-Pacific region and ensure its superior strategic position. The US Indo-Pacific strategy can be traced back to November 2017, when President Trump visited five Asian countries including Japan, South Korea, China, Vietnam and the Philippines for the first time.³

(1) The background and purpose of the US Indo-Pacific Strategy

First of all, the Trump administration's Indo-Pacific Strategy is the result of rethinking the Obama administration's 'Rebalancing' towards Asia policy.³ From the perspective of the US, the Obama administration's strategic focus was on how to revive the domestic economy of the US. The US lacked in its plans to contain China. Therefore, the Asia-Pacific Rebalancing Strategy to suppress China did not achieve the expected results. From the perspective of China, the global financial crisis in 2008 did not prevent China's economic growth, and in 2010, China even surpassed Japan to become the world's second-largest economy.² In order to cope with this new situation, Japan and India, which compete with China, are constantly seeking to improve their relations with Beijing.⁴ After China proposed the BRI for the first time in 2013, it showed a more active and open strategic attitude to the outside world. After the Trump administration took office, the China Fatigue and China Threat accumulated in the US, and the hardline forces in the US kept putting

³ Xia Liping and Zhong Qi, Analysis of Trump Administration's "Indo-Pacific Strategic Conception", *Modern International Relations*, No.1, 2018, pp. 22-23.

⁴ Brahma Chellaney, "Geopolitics in the Indo-Pacific", *Washington Times*, May 9, 2018.

pressure on the Trump administration to adopt a tougher policy towards China. Therefore, the US Indo-Pacific Strategy came into being.⁵

Secondly, the Indo-Pacific Strategy put forward by the US is a direct consequence of the Trump administration's 'America First' policy. With the continuous advancement of the shale gas revolution, the US has gradually reduced its dependence on external energy and gradually established a self-sufficient energy supply and demand structure. Energy is becoming more and more independent, which enables the United States to carry out a tougher diplomatic strategy. The Indo-Pacific strategy is a major diplomatic adjustment from the energy dependence policy pursued by the Obama administration to the Trump administration. It not only means that the US has eased the pressure of its energy dependence on the Middle East, but also means that the US can gradually liberate itself from the political struggle in the Middle East, and invest in other regions. Energy and the policy of independence has become an important driving force for the Trump administration to implement 'America First' globally, and it is also an important factor for the introduction of the Indo-Pacific Strategy.⁶ A unique "traditional isolationism" of the United States is a replica of the Trump administration adopted in the 21st century. Similar to how it was in the previous century, the America First policy's ultimate goal is to restore the status and economic wealth of the US and to reduce its responsibilities in the global system. Driven by the slogan America First, the Trump administration drastically reduced the goal of the US' excessive involvement in global affairs, and at the same time allowed its allies to play a greater role and assume more responsibilities, thus reducing the strategic burden of the US. Interestingly, under the slogan of America First, the Indo-Pacific Strategy is more complicated than the Asia-Pacific Rebalancing Strategy, which not only increases the strategic burden of American allies but also seriously affects the strategic credibility and appeal of the US, which makes various allies complain about the US from time to time.

Thirdly, the strategic demand of Japan and the US to contain China finally contributed to the emergence of the Indo-Pacific Strategy. The Indo-

⁵ Chen Weihua, "'America First' policy dooms US' Indo-Pacific strategy to failure", *China Daily*, August 3, 2018.

⁶ Ibid.

Pacific Strategy also takes a cue from Prime Minister Shinzo Abe's government in Japan of advocating and promoting it substantially.⁷ Since 2012, Japan has continuously put forward the idea of strengthening security cooperation among Japan, the US, India and Australia on various occasions, and Abe first proposed the cooperation concept of the Democratic Security Diamond.⁸ In 2016, at the Tokyo International Conference of African Development, Abe first concretized the Free and Open Indo-Pacific Strategy.⁹ In 2017, at the US-Japan summit, the two sides jointly confirmed the establishment of a free and open ocean order and urged all countries to respect navigation, freedom of flight, and legitimate rights and interests in using the ocean.¹⁰ The strategic ideas of the US and Japan hit it off, and there are both similarities and differences. The similarity between the US and Japan lies in terms of the freedom of navigation, strengthening ties, and free trade. The difference is that Japan did not include specific countries into threats. However, the US regards China, Russia and North Korea and cross-border terrorist forces as its core threats. It is worth mentioning that the US focuses on safeguarding security and hegemonic interests, while Japan focuses on expanding economic and maritime interests.

(2) The current situation of the US Indo-Pacific Strategy

The US Indo-Pacific Strategy report puts forward three core measures: preventive measures, partnership, and promotion of regional networks.

⁷ Xia Liping and Zhong Qi, Analysis of Trump Administration's "Indo-Pacific Strategic Conception", *Modern International Relations*, No.1, 2018, pp. 22 and 23.

⁸ Suzuki Yoshikatsu, "Abe's Indo-Pacific "Security Diamond" Begins to Shine", February 8, 2016. <https://www.nippon.com/en/column/g00339/abe%E2%80%99s-indo-pacific-security-diamond-begins-to-shine.html>, visited on Dec 12, 2021.

⁹ Japan International Cooperation Agency, "The Sixth Tokyo International Conference on African Development", August 29, 2016. https://www.jica.go.jp/english/news/field/2016/160829_01.html

¹⁰ U.S. Department of State, "Australia-Japan-United States Trilateral Strategic Dialogue Ministerial Joint Statement," August 6, 2017. <https://www.state.gov/australia-japan-united-states-trilateral-strategic-dialogue-ministerial-joint-statement/>, accessed on Dec 12, 2021.

Preventive Measures: The Indo-Pacific Strategy plans to establish a Joint Force, including American allies and partner countries, to maintain the hegemonic system under the leadership of the US and make it a highly alert and reliable military force. To promote establishment of the joint army as soon as possible, the Indo-Pacific Strategy put forward three plans: (1) Establish advanced training facilities; (2) Enhance the combat effectiveness of the air force and navy; (3) Promote the interoperability between the missile defense systems of Japan and Australia. At present, there are 370,000 US troops, 2,000 aircraft, 200 warships and submarines stationed in the Indo-Pacific region.¹¹ In the future, sophisticated weapons such as, fifth-generation fighters will continue to be deployed to ensure the lethality, agility and resilience of the joint army. The Indo-Pacific Strategy also proposed for the first time to regard cyberspace as a battlefield and put forward the concept of multi-domain operations and the concept of expeditionary advanced base operations.¹²

The Partnership: The Indo-Pacific Strategy emphasizes on promoting the military alliance between the US and Japan, Australia, the Philippines and further strengthening the partnership with Singapore, New Zealand, Mongolia, India, Bangladesh, and Nepal. In addition, the Indo-Pacific Strategy expanded its cooperation partners to Vietnam, Indonesia, Malaysia, and other countries and emphasized that the US should develop relations with Brunei and Cambodia. At the same time, the US also

¹¹ U.S. Department of State, “Australia-Japan-United States Trilateral Strategic Dialogue Ministerial Joint Statement”, August 6, 2017.
<https://www.state.gov/australia-japan-united-states-trilateral-strategic-dialogue-ministerial-joint-statement/>, accessed on Dec 12, 2021.

¹² U.S. Department of Defense, “Indo-Pacific Strategy Report: Preparedness, Partnerships and Promoting a networked region”, June 1, 2019.
<https://www.defense.gov/Newsroom/Releases/Release/Article/1863396/dod-releases-indo-pacific-strategy-report/>, visited on Dec 12, 2021.

invited Britain, France, Canada, and other non-Indo-Pacific allies to participate in Indo-Pacific affairs.¹³

Promoting a networked region. The US expects to expand its network with its allies and partners through the Indo-Pacific Strategy, to establish a trilateral or multilateral mechanism. For example, strengthen the tripartite cooperation between the US, Japan and South Korea; realize the final, fully verified denuclearization of North Korea and strengthen the security cooperation network. The tripartite cooperation between the US, Japan, and Australia aims to increase the security and compatibility of defense facilities between its allies. In addition, the US will maintain the existing multilateral cooperation framework with 10 ASEAN countries and expand its intervention in regional security affairs.¹⁴

Under the framework of the Indo-Pacific strategy, the United States has strictly adopted a contain China policy. The US not only called China a revisionist power, but also launched a fierce attack on the BRI initiative. At the same time, the US also made a detailed plan to contain the BRI, thus expanding its intervention in the Indo-Pacific region. On October 6, 2020, when US Secretary of State Michael Richard Pompeo attended the India-Pacific Business Forum, he delivered a speech¹⁵ and attacked China. “It is more critical now than ever that we collaborate to protect our people and partners from the Chinese Communist Party’s exploitation, corruption and coercion,” said Pompeo.¹⁶ In October 2018, President Trump signed an investment Act, calling on Japan, Australia, Canada, and the European Union to build a new development financial partnership with the US, thus

¹³ U.S. Department of Defense, “Indo-Pacific Strategy Report: Preparedness, Partnerships and Promoting a networked region”, June 1, 2019. <https://www.defense.gov/Newsroom/Releases/Release/Article/1863396/dod-releases-indo-pacific-strategy-report/>, visited on Dec 12, 2021.

¹⁴ Ibid.

¹⁵ Mari Yamaguchi, US, Australia, India, Japan discuss China’s growing power, October 6, 2020, <https://apnews.com/article/virus-outbreak-international-news-australia-india-yoshihide-suga-ce3598476a8c459105a293d653f7e677>, accessed on Dec 12, 2021.

¹⁶ Ibid.

containing the BRI initiative.¹⁷ The Effective Use of Investment to Lead Development Act gives priority to low-income countries and increases the development funds of the US from \$29 billion to \$60 billion. The above-mentioned policies are related to the China policy, aimed at proposing new cooperation initiatives to compensate for the negative impact of unilateralism.¹⁸

The US Indo-Pacific Strategy selectively intervened in South Asia, emphasizing that the US and India should strengthen cooperation in defense trade, technology sharing, industrial cooperation and other fields. It also said that intelligence sharing and security cooperation should be strengthened with India. In addition, the US should further strengthen military cooperation with Sri Lanka, Maldives, Bangladesh and Nepal. Although India agrees to develop its partnership with the US under the framework of the Indo-Pacific Strategy, it is cautious about taking China as a "revisionist force."¹⁹ India is wary of China's activities in the Indian Ocean. At the same time, it has complex historical and realistic feelings towards China and Pakistan, and also strongly opposes the BRI initiative. It is important to note that the US Indo-Pacific Strategy excludes Pakistan from the scope of partner countries. The Trump administration's emphasis on Pakistan has been declining since the Obama administration proposed to end the war in Afghanistan, and the Trump administration decided to withdraw its troops. On January 20th, 2021, US President Joseph Biden was sworn in as the 46th president of the United States and immediately started the plan to withdraw troops from Afghanistan. Kenneth Mackenzie, commander of the Central Command of the United States, later announced that the American troops had completed the task of withdrawing from Afghanistan, and the American military operations in

¹⁷ U.S. Department of Defense, "Indo-Pacific Strategy Report: Preparedness, Partnerships and Promoting a networked region", June 1, 2019.<https://www.defense.gov/Newsroom/Releases/Release/Article/1863396/dod-releases-indo-pacific-strategy-report/>, visited on Dec 12, 2021.

¹⁸ Kevin Gallagher, "BUILD Act must build in US values for global development projects", *The Hill*, May 7, 2018.

¹⁹ Reporter, "Approaches to Indo-Pacific: India and US", *Asia Times*, July 27, 2019.

Afghanistan for nearly 20 years has officially ended.²⁰ Pakistan's strategic value has been greatly devalued by the US, and it has even been removed from the list of partner countries by the Trump administration. The choice of India by the US as its core partner also means that Pakistan is not supported by the US and its western allies on the Kashmir issue.²¹ Acceptance for the debate on the issue has decreased substantially.

3. Overview, Progress, and Prospects of CPEC

In 2013, after China's BRI initiative was put forward, some western scholars believed that the debt trap was an important challenge. They pointed out that the South Asian countries, such as Pakistan, who responded to the BRI initiative will be under the debt trap, which will lead to a sharp rise in foreign debts of these countries.²² The cooperation agreement signed with China will regulate the main factors in economic health of these countries.²³

(1) CPEC overview

After China put forward the BRI Initiative, Pakistan is the key country to second it. CPEC is also one of the most representative economic corridors among the six major economic arteries under the framework of the BRI initiative. In 2013, Chinese Premier Li Keqiang first proposed the CPEC during his visit to Pakistan. In April 2015, Chinese President Xi Jinping signed a Memorandum of Understanding (MoU) with Pakistan, which contains 51 agreements, aimed at creating an economic corridor that benefits the people of China and Pakistan.²⁴ In August 2015, at the CPEC Forum held in Karamay, Xinjiang, the two countries signed 20 memorandums of cooperation with a total value of over 10 billion yuan, covering energy, industrial parks, education, training, medical care,

²⁰ Congressional Research Service, U.S. Military Withdrawal and Taliban Takeover in Afghanistan: Frequently Asked Questions, September 17, 2021. <https://crsreports.congress.gov/product/pdf/R/R46879>

²¹ Elias Groll & Robbie Gramer, "Trump Does an About-Face on Pakistan and Blunders into the Kashmir Dispute", *Foreign Policy*, July 22, 2019.

²² Reporter, "Approaches to Indo-Pacific: India and US", *Asia Times*, July 27, 2019.

²³ Tim Fernholz, "China's 'debt trap' is even worse than we thought", June 29, 2018, <https://qz.com/1317234/chinas-debt-trap-in-sri-lanka-is-even-worse-than-we-thought/>, visited on Dec 12, 2021.

²⁴ Amer Mahmood, "Pak, China tighten knot with 51 agreements, 13 projects", *Pakistan Today*, April 21, 2015.

agriculture, people's livelihood, and culture.²⁵ On December 18, 2017, China and Pakistan officially announced the Long-Term Plan for CPEC 2017-2030. According to the Vision Plan, CPEC starts from Kashgar, enters Pakistan via Hongqilapu Port, passes through several important node areas, and reaches Karachi and Gwadar, coastal cities in southern Pakistan. The Long-term Plan clarifies the guiding ideology, basic principles, key cooperation areas, investment, and financing mechanisms, and safeguard measures for CPEC.²⁶ The Vision Plan provides a more detailed guarantee strategy and a better development blueprint for the further promotion of CPEC.

(2) Progress of the CPEC

Since the construction of CPEC started, China and Pakistan have gained many achievements in the fields of transportation energy, infrastructure, agriculture, finance, chemical industry, education, culture, and tourism. Before the launch of CPEC, most areas of Pakistan were in abject poverty and other problems, such as backward transportation infrastructure, insufficient electricity, which seriously restricted the social and economic development of Pakistan. With the construction of CPEC, these difficulties have been gradually addressed. Under CPEC, infrastructure construction and energy development have been regarded as one of the important construction fields. Among the dozens of cooperation agreements signed under CPEC, transportation infrastructure and energy development are the top priorities, which not only builds the infrastructure but also vigorously promotes energy development to ensure economic development. As far as transportation infrastructure is concerned, the Lahore Urban Rail Transit Project, Rawalpindi-Hongqilapu Optical Fiber Project, Karachi-Lahore Expressway (Sukkur-Multan Section), etc., have greatly improved Pakistan's commutation infrastructure and laid a good foundation for the development of CPEC.²⁷ By the end of 2020, projects

²⁵ Waheed Ali, Li Gang & Mohsin Raza, "China-Pakistan Economic Corridor: Current Developments and Future Prospect for Regional Integration", *International Journal of Research*, Vol.3 Issue.10, June 2016.

²⁶ Ministry of Planning, Government of Pakistan, "Long Term Plan for China-Pakistan Economic Corridor (2017-2030)", <https://www.pc.gov.pk/uploads/cpec/LTP.pdf>, visited on Dec 12, 2021.

²⁷ Waheed Ali, Li Gang & Mohsin Raza, "China-Pakistan Economic Corridor: Current Developments and Future Prospect for Regional Integration", *International Journal of Research*, Vol.3 Issue.10, June 2016.

such as energy, education, training, medical care, agriculture, people's livelihood, culture, and industrial parks under the framework of CPEC had made great progress, injecting new vitality into Pakistan's social and economic development. See the following tables for details of the construction projects of China-Pakistan Economic Corridor.

Table 1. Energy Projects under CPEC²⁸

#	Project Name	Progress Update
Completed Projects		
1	1320MW Sahiwal Coal-fired Power Plant	<ul style="list-style-type: none">• Project Completed on 28th October 2017.• Current Status: Operational.
2	1320MW Coal-fired Power Plant at Port Qasim Karachi	<ul style="list-style-type: none">• Project completed on 25th April 2018.• Current Status: Operational
3	1320MW China Hub Coal Power Project, Hub Balochistan	<ul style="list-style-type: none">• Project completed on 14th Aug 2019.• Current Status: Operational
4	660MW Engro Thar Coal Power Project	<ul style="list-style-type: none">• Project completed on 10th July 2019.• Current Status: Operational
5	1000MW Quaid-e-Azam Solar Park (Bahawalpur)	400 MW project completed in August 2016. 600MW under Implementation.
6	50 MW Hydro China Dawood Wind Farm, Gharo, Thatta	<ul style="list-style-type: none">• Project completed on 5th April 2017.• Current Status: Operational.
7	100MW UEP Wind Farm, Jhimpir, Thatta	<ul style="list-style-type: none">• Project completed on 16th June 2017.• Current Status: Operational
8	50MW Sachal Wind Farm, Jhimpir, Thatta	<ul style="list-style-type: none">• Project completed on 11 April 2017.• Current Status: Operational
9	100MW Three Gorges	<ul style="list-style-type: none">• Second Wind Farm completed

²⁸ CPEC Authority, Ministry of Planning, Development & Special Initiatives, Government of Pakistan, Energy Projects Under CPEC, <http://www.cpec.gov.pk/progress-update>, accessed on Dec 12, 2021.

	Second and Third Wind Power Project	<p>on 30th June 2018.</p> <ul style="list-style-type: none"> • Third Wind Farm completed on 9th July 2018. • Current Status: Operational.
10	Matiari to Lahore ±660 KV HVDC Transmission Line Project	<ul style="list-style-type: none"> • Project completed on 1st September 2021. • Current Status: Operational.
Under Construction Projects		
11	1320 SSRL Thar Coal Block-I 7.8 mtpa & Power Plant (2×660MW) (Shanghai Electric)	<ul style="list-style-type: none"> • Mine Financial Close (FC) achieved on 30th Dec 2019. • Power Plant Financial Close (FC) under process. • 66% work Completed. • GoS-WUA signed on 25th February 2021.
12	330MW HUBCO Thar Coal Power Project (Thar Energy)	<ul style="list-style-type: none"> • Financial Close (FC) achieved on 30th Jan 2020. • 73% work completed.
13	330MW HUBCO ThalNova Thar Coal Power Project	<ul style="list-style-type: none"> • Financial Close (FC) achieved on 30th September 2020. • 51% work completed.
14	884MW Suki Kinari Hydropower Project, KP	<ul style="list-style-type: none"> • Financial Close (FC) achieved in Feb 2017 • 70% work completed.
15	720MW Karot Hydropower Project, AJK/Punjab	<ul style="list-style-type: none"> • Financial Close (FC) achieved in March 2017. • 90% work completed. • Expected completion in April 2022.
16	300MW Coal-Fired Power Project at Gwadar	<ul style="list-style-type: none"> • Tariff determined in Sep 2019. • Land acquired in Feb 2020. • GoP-IA and PPA signed on 8th April 2021. • Financial Close (FC) under process.

Table 2. Transport Infrastructure Projects under CPEC²⁹

#	Project Name	Progress Update
Completed Projects		
1	KKH Phase II (Havelian - Thakot Section)	Work commenced in September 2016. Havelian - Mansehra Section Inaugurated by Prime Minister on 18th November 2019. Mansehra - Thakot Section Inaugurated by CM KPK on 28th July 2020.
2	Peshawar-Karachi Motorway (Multan-Sukkur Section)	Construction work commenced in August 2016. Project Completed and inaugurated on 05 November 2019.
3	Orange Line Metro Train – Lahore	Project completed and inaugurated on 25th October 2020.
4	Cross Border Optical Fiber Cable (Khunjrab - Rawalpindi)	Groundbreaking did by the Prime Minister. Work commenced in October 2015. Project Completed and inaugurated by Prime Minister in July 2018.
5	Pilot Project of Digital Terrestrial Multimedia Broadcast (DTMB)	Pilot Project inaugurated in April 2015.
Under Construction Projects		
6	Hakla - D.I Khan Motorway	ECNEC approved separate PC-Is for construction and land acquisition on 07-11-2016. Construction commenced and 93% Physical progress achieved. Date of Completion Planned: November 2021.
7	Zhob - Quetta (Kuchlak) (N-50)	ECNEC approved separate PC-Is for construction and land acquisition of the project on 28-03-2019.

²⁹ CPEC Authority, Ministry of Planning, Development & Special Initiatives, Government of Pakistan, Transport Infrastructure Projects under CPEC, <http://www.cpec.gov.pk/progress-update>, accessed on Dec 12, 2021.

		Prime Minister did the groundbreaking on 29th March 2019. Tendering for construction work of two sections is completed and contractor mobilized whereas the remaining three sections tendering will process soon.
8	Khuzdar-Basima Road (N-30)	PC-I has been approved by ECNEC on 12-04-2017. Work started: October 2019. The project Basima-Khuzdar has been taken up through PSDP. 67% physical work completed. Expected completion date is December 2021.
9	Hoshab - Awaran Road Section (M-8)	Tendering for construction work of is completed and contractor mobilized in June 2021.
10	KKH Alternate Route Shandur - Chitral Road	Groundbreaking performed by Prime Minister in April 2021.
11	Nokundi-Mashkhel Road	Prime Minister did groundbreaking on 20th May 2021. Tendering for construction work of is completed and contractor mobilized.
In-Pipeline Projects		
12	Up-gradation and Dualization of ML-1 and establishment of Dry Port near Havelian	Feasibility completed. ML-1 Project declared 'Strategic' by 6th JCC in Beijing. Framework Agreement on ML-1 signed on 15th May 2017 during PM Visit to China. Commercial Contract for Preliminary Design signed on 15th May 2017. Project will be completed in 3 packages. PC-1 approved by ECNEC on 5th August 2020. Both countries constituted Financing Committee to finalize the concessional financing agreement.
13	Up-gradation of D.I.Khan (Yarik) - Zhob, N-50 Phase-	PC-I Approved by ECNEC on 12th April 2017. Land acquisition in Progress. The project is on the highest priority and under

	I	negotiation with the Chinese side. Financial negotiation is under process.
14	KKH Alternative Route Gilgit-Shandur Road	PC-I approved with a cost of Rs 49.9 billion dated 4.6.2021. Procurement in process and will be finalized by Oct 2021.
15	Realignment of KKH Phase-I Thakot - Raikot Section	G-to-G technical working group has been constituted for the re-alignment of KKH Phase-I Thakot – Raikot Section
16	Peshawar - D.I.Khan Motorway	PC-I by ECNEC with a cost of Rs 276 billion. The project will be further discussed in next JWG meeting.
17	Awaran - Khuzdar Road Section (M-8)	PC-I approved with a cost of Rs 32 billion dated 26.5.2021. Technical bid evaluation is in process and procurement will be finalized by Nov 2021.
18	Dir Expressway	PC-I approved ECNEC with a cost of Rs 38.9 billion. The project will be further discussed in next JWG meeting.
19	DTMB-A (Digitalize the existing three sites of PTV)	The signing of revised LoE and IA is under process.
20	Mirpur-Muzaffarabad-Mansehra Road	PC-I is under approval process.
21	Karachi Circular Railway	The project will be built in PPP mode. The Transaction Advisory is under process in P3A.
22	Mashkhel - Pangur Road	Detail design and feasibility are under process.
23	Quetta Mass Transit	Detail design and feasibility are under process.
24	Greater Peshawar Region Mass Transit	Detail design and feasibility are under process.

Table 3. Gwadar Projects under CPEC³⁰

#	Project Name	Progress Update
Completed Projects		
1	Development of Port and Free Zone	Tax exemptions for port and Free Zone notified in Finance Act 2020 1st phase (60 acres) completed 46 enterprises have been registered for investment in Free Zone. 03 companies started production First imports cum exports cargo by M/s HKSUN received in Gwadar free zone on 7th April 2021.
2	Gwadar Smart Port City Master Plan	Completed and approved by the governing body of GDA & ratified by the JCC in its 9th meeting held on 5th November 2019. Micro-Land use planning and Governance Model is under process with Gwadar Development Authority.
3	Pak-China Technical and Vocational Institute at Gwadar	Groundbreaking held on 16th December 2019. Project completed and inaugurated on 30th September 2021.
Under Construction Projects		
4	Gwadar Eastbay Expressway	Cost approved by ECNEC on 12-01-2015 Contract Agreement was signed b/w GPA & CCCC on 24-09-2017 The groundbreaking ceremony of Eastbay Expressway was held on 22nd November 2017 by Prime Minister Eastbay Expressway Gwadar: 19km (14.5 offshore completed & 4.5 onshore under construction.) Physical Progress: 94%

³⁰ CPEC Authority, Ministry of Planning, Development & Special Initiatives, Government of Pakistan, Gwadar Projects under CPEC, <http://www.cpec.gov.pk/progress-update>, visited on Dec 12, 2021.

		Expected COD in April 2022.
5	New Gwadar International Airport	Groundbreaking held by Prime Minister on 29th March 2019. Construction work started on 31st October 2019. Expected completion date: March 2023.
6	Necessary facilities of fresh water treatment, water supply and distribution	Phase-I, laying of pipelines from Swad Dam to Gwadar is completed. Phase-II laying an additional pipeline from Shadi Khau Dam to Swad Dam is under construction. Phase-III, Up-gradation of the water distribution system of Gwadar city will be commenced this year.
7	Pak-China Friendship Hospital	Groundbreaking held on 16th Dec 2019. Civil work started by Nov 2020. Expected Completion date: December 2022
8	300MW Coal-Fired Power Project at Gwadar	Tariff determined in Sep 2019. Land acquired in Feb 2020. GoP-IA and PPA signed on 8th April 2021. Financial Close (FC) under process.
9	1.2 MGD Desalination Plant	Project Implementation Agreement signed on 5th July 2021. The civil work will be started this year and will be completed in 12 months.
10	5 MGD Water Desalination Plant Gwadar	The project PC-1 approved by ECNEC in 2018. Tendering under process.
In-Pipeline Projects		
12	Construction of Breakwaters	Joint feasibility study completed on June 2020. Draft PC-1 is submitted to MoPD&SI for approval of CDWP.
13	Dredging of berthing areas & channels	PC-1 for feasibility study has been approved from DDWP
14	Fish Landing Jetty and Fishermen Boat Making Industry on West	Project agreed in 7th JCC. Pakistani side proposed grant funding. Feasibility study completed and shared with the Chinese side through EAD.

	bay	
15	Gwadar Smart Environment Sanitation System and Landfill Project	Project agreed in 7th JCC. Pakistani side proposed grant funding. PC-1 approved by CDWP and Grant application submitted to EAD, which was forwarded to MOFCOM through the Chinese Embassy.

Table 5. Industrial Cooperation/Special Economic Zones (SEZs)³¹

#	Project Name	Progress Update
Completed Projects		
1	Rashakai Special Economic Zone	Concession Agreement between Khyber Pakhtunkhwa Economic Zone Development and Management Company (KPEZDMC) and China Road & Bridge Corporation (CRBC) was signed in April 2019. The development agreement was signed on 14 Sep 2020 with a development cost of \$128 million. Groundbreaking / launching of RSEZ was held on 28th May 2021.
2	Dhabeji Special Economic Zone	The land has been allocated. The bidding for the development of SEZ is in process. The preferred bidder will be announced soon. Utilities are being provided as per timelines.
3	Allama Iqbal Industrial City	Groundbreaking of AIIC was held on 3rd January 2020 which was attended by the Prime Minister of Pakistan. The land has been acquired for AIIC and development work is in progress since November 2019. Numerous national and international enterprises have been allotted plots in the SEZ. Few companies have already started construction

³¹ CPEC Authority, Ministry of Planning, Development & Special Initiatives, Government of Pakistan, Industrial Cooperation/Special Economic Zones (SEZs), <http://www.cpec.gov.pk/progress-update>, accessed on Dec 12, 2021.

		work.
4	Bostan Special Economic Zone	The SEZ Approval Committee officially approved the Bostan SEZ on 4th March 2020 in the 5th Board of Approval meeting and awarded SEZ status on 5th May, 2020. Development work on Phase-I (200 acres) has been completed. Phase-1 of Bostan SEZ has been launched for allotment of industrial plots.
In-Pipeline Projects		
5	ICT Model Industrial Zone	
6	Industrial Park on Pakistan Steel Mill Land	
7	Mirpur Industrial Zone	
8	Mohmand Marble City	
9	Moqpondass Special Economic Zone	

Table 6. Social and Economic Development under CPEC³²

#	Project Name
Completed Projects	
1	Vaccine storage and transportation equipment
2	Poverty Alleviation Training
3	Emergency relief supplies for enhancing NDMA, disaster preparedness capacity
4	Pakistan Vocational and Technical Education Capacity build-up project

³² CPEC Authority, Ministry of Planning, Development & Special Initiatives, Government of Pakistan, Social and Economic Development under CPEC, <http://www.cpec.gov.pk/progress-update>, visited on Dec 12, 2021.

5	Pakistan Vocational Schools equipment Upgrading and Renovation Project
Under Construction Projects	
6	China-Pakistan Joint Agricultural Technology Laboratory
7	Provision of Agricultural equipment and tools
8	Smart Classroom for Higher education
9	Maintenance and renovation for 50 schools in newly merged districts
10	Solar-powered lighting equipment
11	Overseas student scholarship
12	Medical equipment and materials
13	Gwadar hospital project
14	Brightness journey in Pakistan
15	Drinking water equipment
16	Gwadar Desalination Plant
17	Gwadar Vocational and Technical Project
In-Pipeline Projects	
18	China-Pakistan Joint Agricultural demonstrations
19	Bacterial grass (JunCao) Technology Training and promotion project
20	Pakistan Agricultural Vocational Training
21	Provision of teaching equipment for primary and secondary schools
22	Burn Centres
23	China-Pak joint telemedicine network
24	Medical emergency center in Balochistan
25	Rural poverty reduction joint research project
26	Cooperative Project with Pak-Austria Fachhochschule: Institute of Applied Sciences and Technology
27	Punjab-Tianjin University of Technology Project

(C) CPEC prospects

Since the construction of CPEC started, rumours were ripe against the initiative. Some sections tried to slander the project. Some remarks with ulterior motives even accuse CPEC of aggravating Pakistan's economic risks, and claim that the country is falling into a debt trap. However, data shows that CPEC accounts for a very low proportion of Pakistan's foreign

debt, and 91% of Pakistan's foreign debt has nothing to do with CPEC.³³ Rather, CPEC not only decreased Pakistan's economic burden but helped boost its economy. According to the Vision Plan, from 2015 to 2030, CPEC will strengthen cooperation projects focusing on improving people's living standards and create 2.3 million employment opportunities for Pakistan.³⁴ China will provide more assistance to Pakistan in the fields of science and technology, agriculture, education, culture, and medical care. With the continuous advancement of CPEC, the *Pakistani* people have also gained tangible benefits from it. Senator Mushahid Hussain, president of Pakistan-China Society, recalled that during the most difficult period of 1960s and 1980s, when almost no one in western countries or even Muslim countries wanted to invest in Pakistan, only China came to its help. They jointly produced Xiaolong fighters, submarines and battle tanks, *Khalid*. Thus, it revived Pakistan's military strength. Mushahid Hussain thanked China for its commitment to invest \$60 billion under the framework of CPEC. In response to western scholars' criticism of CPEC, Mushahid Hussain reminded that the US spent more than \$1 trillion in the anti-terrorism war in Afghanistan, but little assistance was provided to Pakistan.³⁵ Pakistan is generally optimistic about the project. Thanks to the joint efforts of China and Pakistan.

To sum up, although China and Pakistan have made great achievements since the launch of CPEC in 2013, it still faces some challenges from Pakistan and abroad, especially India and other countries. Coupled with this is the inefficiency of Pakistan's domestic mechanism, the uneven division of interests between the federal and provincial governments, and the frequent occurrence of ethnic conflicts have made it more complicated. But the Chinese and *Pakistani* people have a consensus on promoting the construction of CPEC, which has dividends for future.

4. Analysis of the influence of US Indo-Pacific Strategy on CPEC

Under the Indo-Pacific Strategy of the US, the intention was to win over the countries in this region by using US values, politics, economy,

³³ CPEC Authority, Ministry of Planning, Development & Special Initiatives, Government of Pakistan, Social and Economic Development under CPEC, <http://www.cpec.gov.pk /progress-update>, visited on Dec 12, 2021.

³⁴ Mehtab Haider, "China, US spar over CPEC", *The News*, November 23, 2019.

³⁵ Ibid.

military, and diplomacy. To achieve this strategic goal, the US used its strength on the one hand and its strategic partners in this region on the other. Constrained by the declining strength of the US in the recent years, the US also faces many difficulties in achieving its strategic objectives.

First of all, some Western media, including Indian, continue to discredit CPEC and misguide Pakistani public opinion against China. Due to the opposition and negative attitude of the US towards CPEC, Washington has long used issues such as debt trap and predatory loans to attack China. Alice Wells, who often made malicious attacks on CPEC, which not only slandered Pakistan as falling into China's debt trap, but also thought that only American companies have brought progress to Pakistan e.g. Uber, Exxon Mobil, Pepsi Cola and Coca-Cola (as they have invested more than 1.3 billion US dollars in Pakistan). They not only brought capital to Pakistan, but also values, processes, and expertise, and enhanced Pakistan's economic capacity.³⁶ Alice Wells also maliciously discredited some Chinese companies as blacklisted by the World Bank, and obtained the contract of CPEC by improper means.³⁷ Some scholars and media in Pakistan have also been affected by the malicious campaign launched by the US. The mainstream media in Pakistan often publish comments related to CPEC and claim that although the project has increased investment and loans, but these are no free lunches. They say Chinese companies, workers, and commodities will flood Pakistan under the guise of China-Pakistan friendship, which will eventually destroy its fragile economy and weak local enterprises.

Secondly, some western politicians, including Indians, claim that China intends to control the political situation in Pakistan. The US discredited China's control of Pakistan through CPEC, making Pakistan a political pawn of China, and passed this negative sentiment to some organizations in Pakistan through various channels. Groups in Pakistan, such as the *Jeay Sindh Muttahida Mahaz* and the Baloch Republican Party, often launch anti-China activities in Pakistan, while some organizations even opt for terrorist activities that attack Chinese-funded enterprises, engineers, and Chinese consulate in Karachi. There are also some individuals active on

³⁶ Anwar Iqbal, "CPEC to push Pakistan deeper into debt burden, cautions US", *Dawn*, November 23, 2019.

³⁷ Alice Wells, "US on CPEC", *Dawn*, January 23, 2020.

the Internet who want to instigate attacks on China. Claiming that China will firmly control the *Pakistani* government through CPEC and the Shanghai Cooperation Organization (SCO), making Pakistan a puppet and political pawn of China. Eventually, it will become a tool for China to confront the US and its allies, damaging Pakistan like Iraq, Syria and Ukraine.

Thirdly, some bodies go on to provoke territorial disputes between China and India and Pakistan, while delaying the construction of CPEC. It is worth noting that with the continuous advancement of the US Indo-Pacific Strategy, India has also strengthened its control over the Indian-controlled Kashmir under the acquiescence of the US. As India has long rejected CPEC, it also hopes to exert pressure on China and Pakistan by wooing the US, to achieve the strategic goal of delaying CPEC. Once India is supported by the US, Pakistan will have to rely on China to achieve strategic balance. On August 5, 2019, the Indian government issued a presidential decree announcing the abolition of special autonomy of the Indian-controlled Kashmir.³⁸ India has strengthened its control over Indian-occupied Kashmir, indirectly utilizing the commitment made to Delhi under the US Indo-Pacific Strategy. While the US regards India as a strategic partner to safeguard its national interests, and use it to contain China and Pakistan, thus achieving its strategic goals. Since the strategic objectives of the US and India are highly compatible, both of them have the intention of containing their opponents. To show off its strategy to Pakistan, Indian Ambassador to the US, Harsh Vardhan Shringla emphasized that India has the full support of the US in strengthening the control of the Indian-occupied Kashmir.³⁹ At the same time, India also relied on Japan's indirect assistance and tried to strengthen the so-called legitimacy of India's territorial claims on Kashmir.⁴⁰ The Indian

³⁸ Zhang Jiadong and Wu Bingke, India's Kashmir Policy: From Stability Priority to Sovereignty Priority, *Modern International Relations*, No.10, 2019.

³⁹ "India has received 'fullest' support from US on Kashmir issue: Indian Ambassador to the US Harsh Vardhan Shringla," November 2, 2019, <https://economictimes.indiatimes.com/news/politics-and-nation/india-has-received-fullest-support-from-us-on-kashmir-issue-indian-ambassador-to-the-us-harsh-varadhan-shringla/articleshow/71865917.cms>, accessed on Dec 12, 2021.

⁴⁰ "The Importance of the India-Japan Dharma Guardian Military Exercises," *The Diplomat*, October 10, 2019, <https://thediplomat.com/2019/10/the-importance-of-the-india-japan-dharma-guardian-military-exercises/>, accessed on Dec 12, 2021.

government claimed that CPEC has passed through the Indian Territory, so it strongly opposes it. India hopes to enhance its influence by strengthening its control over Indian-occupied Kashmir. It also hopes to win the support of the US to offset China's influence in the region. India strengthened its control over Indian-occupied Kashmir, which stimulated Pakistan's nationalist elements and aggravated the confrontation between India and Pakistan.

After the publication of the Indo-Pacific Strategy of the US, Pakistan's strategic position has been marginalized by the US. Pakistan's positive attitude towards CPEC has also become an important reason why the US is wary of China's search for the Indian Ocean Estuary in Pakistan. At the same time, with the US support for India, the Jammu & Kashmir dispute between India and Pakistan has become more uncontrollable. The threat of radical forces in Pakistan likely to destroy CPEC has also increased manifold. Therefore, it can be said that the response of China and Pakistan to the Indo-Pacific Strategy is particularly important for the prospects of CPEC.

5. Prospects and Policy Recommendations

Indo-Pacific Strategy is a new strategy introduced by the Trump administration according to the changes in domestic and international conditions. Compared with the Asia-Pacific Rebalancing Strategy under Obama, the Trump administration's Indo-Pacific Strategy is more aggressive. In the Indo-Pacific Strategy, South Asia has also been assigned as a key point, and CPEC has become an important strategic goal that cannot be bypassed. It should be pointed out that China does not oppose the development of relations between the US and Indo-Pacific countries, and is also happy to see the development of relations between the US and Pakistan. It does not believe that China-Pakistan relations have affected US-Pakistan relations. However, the US looks at China-Pakistan relations with jaundiced lens and compels Pakistan's foreign and internal policies by virtue of its Indo-Pacific Strategy. The promotion of CPEC is also being interfered. Based on the above analysis, China needs to actively respond on the following aspects:

First of all, China should actively respond to the slander and smear of CPEC in the public domain. The CPEC is the flagship project of the BRI initiative, and its success is of great significance. The CPEC not only

helps to promote Pakistan's economic development but also plays an important role in promoting regional cooperation. The US has provoked and incited Pakistan's domestic media to question the debt problem of CPEC, which needs to be actively explained to dispel the doubts of *Pakistani* people. According to the statistics of Pakistan National Bank, Pakistan's total foreign debt is 110 billion US dollars, and the global lenders including Paris Club and International Monetary Fund are Pakistan's biggest creditors, and not China. Pakistan's debt repayment began in 2021, with an annual repayment of about 300 million US dollars. China has never forced other countries to repay their debts, so it will not make unreasonable demands on Pakistan. China resolutely opposes the slander and smearing of CPEC.⁴¹ China should actively respond to the debt problem of the CPEC-related malicious reporting.

Secondly, due to anti-China activities organized by some foreign-funded organizations, it is necessary to guard Chinese investment in Pakistan. It seems the *Pakistani* government's governance capacity is not balanced, and there is no effective response to the anti-China activities launched by some organizations in Sindh and Balochistan provinces. As far as China is concerned, the cooperation between China and Pakistan is decided after consultation between both the parties. Therefore, if one party feels dissatisfied with the contract, its timely amendment should be addressed.

Finally, due to the territorial dispute between India and Pakistan, the construction of China Pakistan Economic Corridor has been delayed, so we should make corresponding countermeasures to deal with the India-Pakistan issue. India has continuously strengthened its control over Indian-occupied Kashmir through the assistance of some foreign forces. Its strategic purpose is to distract Pakistan's attention, deliberately delay the construction of CPEC, and avoid increasing the strategic pressure on India. Since India's strategic goal is of putting pressure on China and Pakistan with the help of the US Indo-Pacific Strategy and then delaying the CPEC, its implementation means can only be achieved through specific national actions. For example, deliberately provoking the India-Pakistan Kashmir dispute, China-India territorial dispute and obstructing other South Asian countries from developing their relations with China,

⁴¹ "China bins US propaganda, says CPEC 'not a debt trap' for Pakistan", *Pakistan Today*, January 22, 2020.

etc. China can solve different problems on a case-by-case basis. For example, the Kashmir dispute between India and Pakistan should be resolved. The issue of territorial disputes between China and India should also be addressed, and all countries should make it clear that all parties are not an opponent of the zero-sum game. If some countries continue to engage in confrontation, it will only weaken the political mutual trust between these areas, thus affecting the economic development of all the countries.

To sum up, both the Trump administration and the Biden administration regard China as their biggest competitor. The Indo-Pacific Strategy has brought obvious negative influence on CPEC. China should establish a response mechanism as soon as possible, while analyzing the strategic intention of the US Indo-Pacific Strategy. Generally speaking, the US Indo-Pacific Strategy emphasizes confrontation over cooperation, and its influence on CPEC is inevitable. As far as China is concerned, it should actively take measures to deal with the strategic pressure brought by the US Indo-Pacific Strategy. On the other hand, China should systematically deal with this strategic pressure from the US. It should regard it as an important opportunity to strengthen its own power and promote its own development.■