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RESEARCH PAPER

South-South Cooperation: Development Impact of China's Belt and Road Initiative (BRI)

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ABSTRACT

According to the World Bank, International trade has the potential to increase individual income and lift people out of poverty. Development through aid creates a sense of dependency between the donor and the recipient countries. While the effectiveness of free trade across borders have been well-established by the economists, countries in the West are resistant to the idea due to protectionist domestic politics. China has disrupted this euro-centric model of development by investing in infrastructure abroad to improve connectivity and develop the countries in the global south through trade. China has developed its own parallel development institutions to lead South-South cooperation and emancipate people from poverty, hunger and disease. The paper critically analyzes the Chinese BRI project in general and CPEC in particular under the frameworks of economic aid, peace building and South-South cooperation. Development of parallel financial institutions and the rise of bilateral aid from china is discussed using the frameworks of neocolonialism and neoliberalism.

Introduction

> "Trade is central to ending global poverty. Countries that are open to international trade tend to grow faster, innovate, improve productivity and provide higher income and more opportunities to their people. Open trade also benefits lower-income households by offering consumers more affordable goods and services. Integrating with the world economy through trade and global value chains helps drive economic growth and reduce poverty – locally and globally." (World Bank, 2020)

According to the World Bank, International trade has the potential to increase individual income and lift people out of poverty. The Sustainable Development Goals (SDGs)/ Global Goals could also be achieved faster by increasing International trade and creating livelihood opportunities for the people from the global South.

Despite the existence of a huge body of evidence on the impact of increased International trade on emancipation of masses from poverty (Mac Ginty, 2013), countries in the West are resistant towards open trade with the developing world. Protectionist policies of West create obstacles in bilateral and multilateral trade with the developing world. There exist tangible and intangible barriers such as distance, tariffs, quotas, embargoes, and regulations (Rice University, 2020).

With the existing trade barriers slowing down the North-South trade, developing countries have to increase trade amongst themselves to achieve economic growth and lift masses out of poverty. This falls within the realm of South-South cooperation which refers to the trade, knowledge exchange, and technology transfer to transform lives within countries in the global South. The United Nations (UN) department of Economic and Social Affairs claims that South-South cooperation provides an opportunity to achieve the 2030 Agenda for Sustainable Development, the globally agreed blueprint for peace and prosperity for people and the planet (UN, 2019). Trade among countries in the global South is impeded by poor connectivity and transportation bottlenecks (UN, 2018). Investment in infrastructure is a prerequisite to increase trade volume amongst countries in the South. The Asian Development Bank (ADB) projects that infrastructure development in Asia needs an investment of USD 1.7 trillion per year until 2030 to maintain its growth momentum tackle poverty and respond to climate change (ADB, 2017).

Countries in Asia and Africa are unhappy with western aid because of the political strings attached to it. The same very countries welcome Chinese investment due to relatively easy terms and no strings attached. Practice of accepting Chinese investment in large sums as opposed to meager western aid by the countries in the South has disrupted the international development infrastructure. The Chinese *modus operand* of development assistance is also different from the West, where an overwhelming majority of money comes in the form of investment rather than loans and grants. China has effectively challenged the hegemony of the West on development aid by investing heavily in infrastructure and connectivity projects in the global South. Chinese investment in trade and infrastructure in Asia and Africa has also led to increased growth and development (ADB, 2017).

The Chinese Belt and Road Initiative (BRI) with an estimated cost of USD 8trillion (Hurley, Morris and Partelance, 2018)is a gigantic project envisaged to counter the effects of slowing down of the Chinese economy and diversify the supply routes for surplus production. The enormity of the initiative could be analyzed by the fact that it involves over 60 countries and 70 percent of the global population (Hillman, 2016). Reduced demand of consumer goods in the West poses significant challenges to the Chinese mega industrial complexes. Slowing down of the Chinese economy with dwindling growth rate from 7.7 percent in 2013 to 6.0 percent in 2020 (Carter, 2020) is alarming for the stability of Xi Jinping regime. It is for this reason that the Chinese attention shifted towards markets in Asia and Africa. Reaching these new markets comes with caveats such as the transportation bottlenecks resulting from poor infrastructure. Although, highly ambitious and capital intensive but BRI is an essential undertaking to upgrade infrastructure facilities to ensure connectivity for Chinese exports to Asia and Africa. Given the massive scale of China's investment, it is natural for the Chinese leadership to protect their foreign ventures by using their diplomatic and military power. Increased Chinese footprint in Asia and Africa has given rise to security dilemmas in West, where Chinese involvement is viewed through the geopolitical and geo-strategic lens.

China-Pakistan Economic Corridor (CPEC) is the flagship project of the Chinese Belt and Road Initiative. Officially launched in April 2015 during the visit of President Xi Jinping to Pakistan, the CPEC is viewed in Pakistan as a strategic shift in China-Pakistan relations from geopolitics to geo-economics. Chinese investment of USD 62 Billion in Pakistan's port infrastructure, railways, highways, mass-transit and power-generation projects, at a time of economic hardship was welcomed by the Pakistani government and the people. At a time when foreign investors were divesting from Pakistan, Chinese investment was a sign of posing confidence in Pakistan's economy. Diplomats and government officials on both sides called each other as "Iron-brothers" and termed the friendship as "higher than the mountains, deeper than the ocean and sweeter than the honey" (Telegraph, 2013).

Standpoint and Reflexivity

The researcher identifies as a cis-gendered male of Pakistani origin with strong family ties in Pakistan. The intent of this paper is to contribute towards the building sustainable peace in Pakistan. CPEC route passes through Islamabad and the former state ofJammu and Kashmir (J&K), the disputed territory between India and Pakistan from where the CPEC route passes to reach the Western China (Xinjiang).

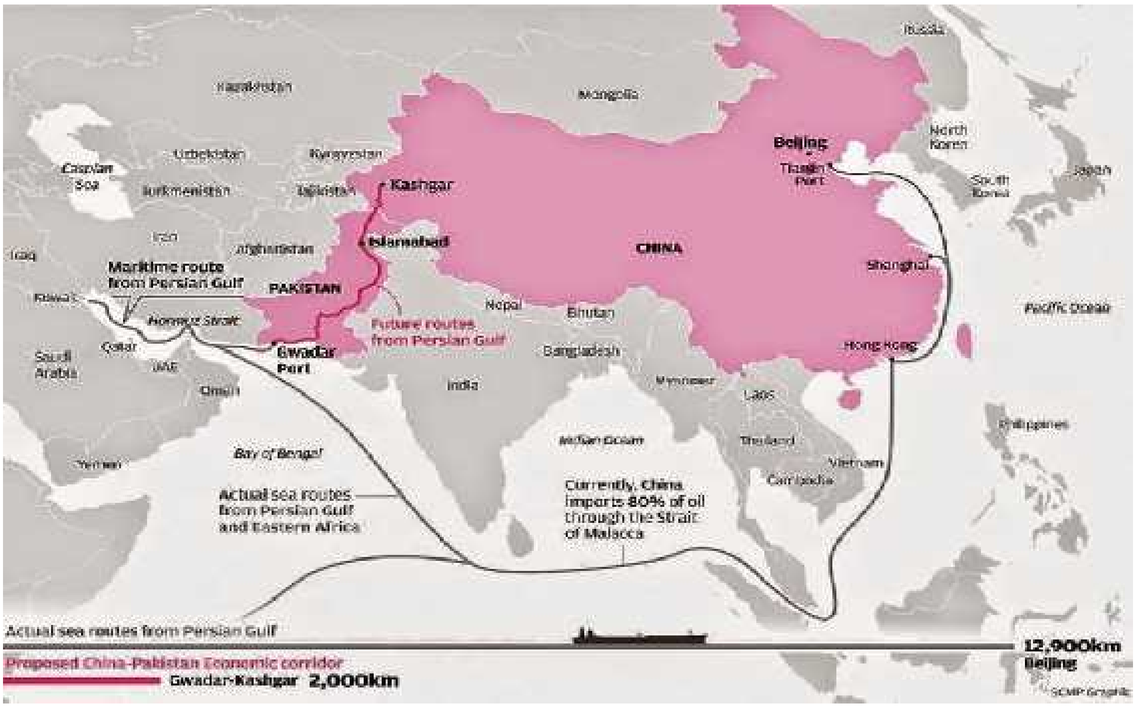
The researcher is fully cognisant of the social construction of Pakistani identity to be shaped with China as an all-weathered friend of Pakistan and India being the adversary. Acknowledging his reflexivity, the researcher is trying to reflect on the challenges and opportunities for this research project and its outcomes. Family connections in Pakistan and geographical proximity to the territory of CPEC makes it easier for the researcher to understand and resonate with the perspectives of Pakistani people on the project.

Having worked in Azerbaijan, Kyrgyzstan, Malaysia, Pakistan, Ukraine and USA, the researcher can reflect upon his diverse experiences and capitalize on the contextualized knowledge gained through living and working in different parts of the world. Exposure to diversity gives the researcher a perspective different from his fellow countrymen and women. The researcher strongly feels the need to apply his knowledge, skills and passion to build sustainable peace, improve human security and support the economic development of Pakistan.

The Malacca Dilemma

China being the world's largest energy consumer (Institute for Energy Research [IER], 2015)and the net importer country also faces dilemmas, associated with energy security. Around 80 percent of Chinese energy imports come to the seaports in the East, passing through the narrow straits of Malacca and the securitized South China sea (Singh, 2019). Discovery of oil and gas – an estimated 11 billion barrels of untapped oil and 190 trillion cubic feet of natural gas – has led to multiple claims of sovereignty over the South China Sea. It has escalated tensions in the region and turned the security situation precarious (Council on Foreign Relations [CFR], 2020).Chinese aggressive posturing and territorial claims in the South China sea has antagonized almost all its neighbors including Brunei, Indonesia, Malaysia, the Philippines, Taiwan, and Vietnam. Furthermore, China is also involved in an ongoing conflict with Japan over the disputed islands in the East China Sea.

The Chinese lack of control of the straits of Malacca and the limited shipping space could potentially choke Chinese energy supplies, resulting in an on-going insecurity. Energy co-operation between Pakistan and China under the framework of CPEC will benefit China by diversifying its energy supplies through Gwadar port, as an alternate route to the straits of Malacca, and will serve to develop its western regions. This diversification of Chinese oil supplies will greatly improve the Chinese energy security. Pakistan has also gained from the large-scale infrastructure development in its territory and will continue to do so once future plans make headway. From the Pakistani perspective CPEC is a win-win outcome of Sino-Pakistan strategic relationship, where both countries would benefit immensely from the generation of economic activity in their restive regions of Xinjian and Balochistan.



Source: South China Morning Post (SCMP)

Thucydides Trap

Graham Allison coined the term "Thucydides Trap" to describe the clash between the rising power and the ruling power (Allison, 2015). Analyzing 16 cases over the past 500 years, out of which war broke out in 12 cases, Allison makes a compelling case about the likelihood of a war between the US and China. He argues that in order to avoid a future war between the US and China painful adjustments in attitudes and actions of both countries must be made.

Chinese resurgence and the US comparative decline is escalating tensions, which are manifested in the securitization of BRI projects. The US government has publicly criticized Chinese predatory lending practices. The US government is also actively supporting Chinese rivals in the South China sea that also create security dilemmas, when it comes to the Chinese energy imports more than 80 percent of which comes through the South China sea. Securitization of the South China sea makes CPEC all the more important to China as it provides an alternate route for energy imports. US criticism of the CPEC puts China at unease, which vehemently counters it (Gul, 2019). US siding with the Chinese rivals in the South-China sea territorial disputes create further unrest and insecurity among the Chinese leadership. The strategic alignment in the Asia-Pacific and Indian Ocean region brings US, Japan and India directly at odds with China.

The US holds effective control over the World Bank and the IMF. In case of Asian Development Bank (ADB), where the US does not exercise direct control, they control it through their Japanese proxy, irritating the Chinese. Chinese economic rise with over US $3.5 trillion worth of foreign exchange reserves have repeatedly called for organizational reforms at the International organizations. Lack of reforms in the IFIs have disenfranchised China, which initially resorted to bilateral funding and later came up with its own parallel institutions. Creating alternate structures by the Chinese is also an outcome of the great power rivalry between a rising power and the status quo power.

North-South Divide

Western IFIs link funding to adoption of western values and human rights principles. Countries in the global South often question the presumably universal human rights principles and try to negotiate them at the local level. Attaching political strings with aid, irritates countries in the global South, who often overlook the Western IFIs and seek easy bilateral funding from the Chinese government. The inception of Chinese led institutions such as the AIIB and the Silk Road Fund provides an opportunity to the countries in the global South to seek funding from the Chinese presumably without political considerations. Relatively easy and opaque Chinese lending practices causes insecurity among the Western IFIs, who fear irrelevance. Foreign exchange reserves worth over USD 3.5 trillion also gives China the ability to single-handedly inject massive amounts of cash into the infant financial institutions and drive the Western IFIs out of business.

String of Pearls Strategy

Chinese investments in the Indian ocean puts India at unease, which claims to be the sole hegemon of the Indian ocean. Chinese takeover of the Hambantota port in Sri Lanka and Gwadar port in Pakistan has created security dilemmas vis-à-vis India in its immediate neighborhood. India believes that Chinese investments in the port infrastructures from the horn of Africa to the Straits of Malacca is a strategy to encircle India and legitimize Chinese naval presence in the Indian ocean. Chinese port projects in Djibouti, Gwadar (Pakistan), Hambantota (Sri Lanka), Chittagong (Bangladesh) and Kyaukpyu (Myanmar) creates security dilemmas with India. BRI and CPEC are also publicly criticized by the Indian governments (Pundit, 2018) on the pretext that they violate Indian sovereignty. India has joined hands with the US and Japan in opposing Chinese presence in the Indian and Pacific oceans. India also support Chinese adversaries in territorial disputes in the South and the East China sea. China supports its strategic ally Pakistan against India in the Jammu and Kashmir dispute.

China - Japan Tensions

Escalation of tensions between China and Japan over the delimitation of the sea boundaries have been heating up. The economic and political rise of China is also coupled with the rise of nationalism, which manifests in the anti-Japanese sentiments due to historic grievances. Memories of the Nanjing massacre (Bush,

2017) of the 1937 by the Imperial Japanese forces comes at the forefront during these heated ultra-nationalistic exchanges.

China and Japan clash over eight uninhabited Islands and rocks in the East China Sea (BBC, 2014). The small islands are controlled by Japan, lie north-east of Taiwan, east of the Chinese mainland and south-west of Japan's southern-most prefecture, Okinawa. They matter because of the recently discovered oil and gas reserves in the vicinity and the proximity to the important shipping lanes, offering rich fishing grounds. They are also in a strategically significant position, amid rising competition between the US and China for military primacy in the Asia-Pacific region.

Source: Chinese Defence Ministry

China led Financial Institutions

China feels entitled to a seat at the table in the decision-making at the International institutional level by virtue of its economic, military and political prowess. Western hegemony and the resultant lack of space for China in the decision-making process at the post-World War II financial structures has disenfranchised China. This alienation has led the Chinese to bypass the multilateral Institutions in general and International Financial Institutions (IFIs) in particular. Until recently the Chinese government almost exclusively indulged in bilateral lending practices to countries in Asia and Africa. 2016 saw the formation of Asian Infrastructure Investment Bank (AIIB), a Chinese-led parallel IFI with the potential to replace the US-led World Bank and the Japanese-led Asian Development Bank (ADB) in funding infrastructure projects due to its financial muscle. Upon its foundation on the 16th of January 2016, the starting capital of AIIB was USD 100 Billion, which is 2/3rd the amount of capital of ADB and half the capital of the World Bank (The Economist, 2014). AIIB has created a security dilemma for the US, which sees it as an instrument of Chinese foreign policy and feel vulnerable due to the possible challenge to its economic hegemony. If AIIB make the World Bank and ADB insignificant due to its loose lending policies, outside of the US influence then it could damage American economic and political clout. It is for this reason that President Obama took a personal interest in discouraging American allies in the Europe to refrain from becoming founding members of AIIB upon its inception (Ebrahimian, 2015). The biggest political setback for the Obama administration was that even its closest ally, the UK became the founding member of AIIB against US advice.

Officially, AIIB will offers financing for projects in energy and power, transportation and telecommunications, rural infrastructure and agriculture development, water supply and sanitation, environmental protection, and urban development and logistics (AIIB, 2020). A major criticism of the AIIB by the American government is that it may potentially indulge in opaque lending practices sans sustainability, compromising on the best practices of Western IFIs. The Chinese government refuse these allegations and claim that AIIB will follow the transparent procedures devised by its member states.

In 2014, China formed the Silk Road Fund with the starting Capital of USD 40 Billion to fund BRI projects (Silk Road, 2020). Unlike the multilateral body of AIIB, Silk Road Fund is a tightly controlled Chinese institution aimed at achieving Chinese foreign and development policy objectives.

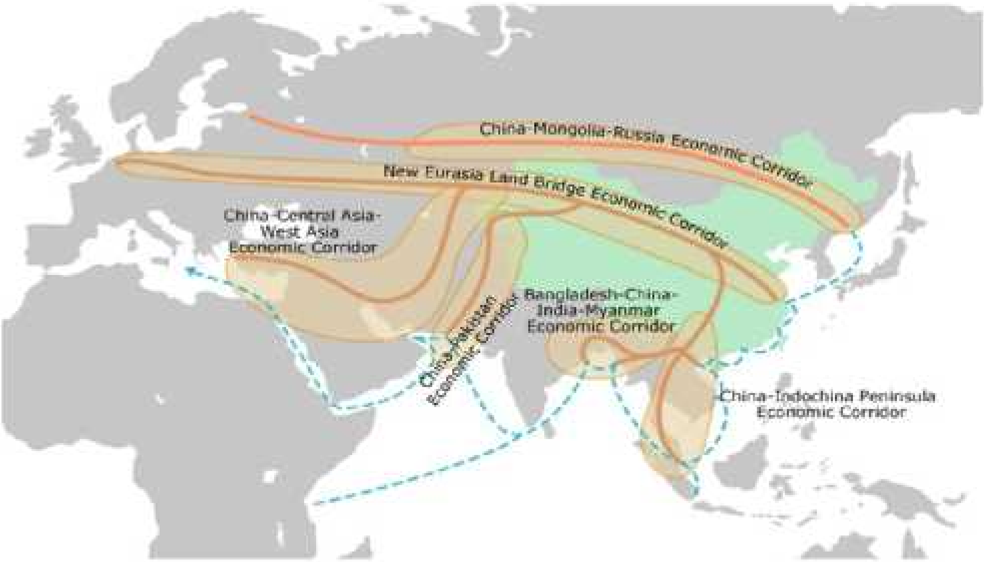
China-Pakistan Economic Corridor (CPEC)

South Asia holds an important place in the Chinese foreign policy due of its strategic location and its market size for the Chinese products. South Asia has both geo-economic and geostrategic importance to Beijing not only because it is important for the China's BRI but also because of India's growing relations with the U.S. and Japan (Zhou, Weifeng and Esteban, Mario, 2008). Chinese presence in the Indian Ocean puts India at unease, who want to be the regional hegemon in the Indian Ocean.

The China-Pakistan Economic Corridor (CPEC) is the flagship initiative amongst the six corridors planned within the ambitious BRI. Officially launched in April 2015 during the visit of President Xi Jinping to Pakistan, the CPEC is viewed as an extraordinary example of the strong relationship between China and Pakistan. China started investing over USD 62 Billion in Pakistan at a time when foreign investors had lost confidence in the Pakistani economy and were divesting from Pakistan. Recurring power breakdowns, slow-down of production of goods coupled with the corruption, uncertainty and lack of a stable government turned Pakistan into an investment nightmare. Foreign investors were not willing to take the risk to invest in Pakistan. Chinese mega investment in CPEC was hailed as a gift and a symbol of strategic partnership between the two countries. The majority of people in Pakistan views CPEC in the positive light and welcomes the Chinese investment in their energy and investment starved nation (Kanwal, Pitafi and Malik, 2020). The announcement of CPEC had a strong and positive impact on the Pakistan Stock Exchange (Yeung, Pang, and Aman, 2019). The geopolitical nature of Sino-Pakistan alliance transformed into a geo-economic one with CPEC as its pillar. The traditional security relationship is also flourishing with the new geo-economic dimension.

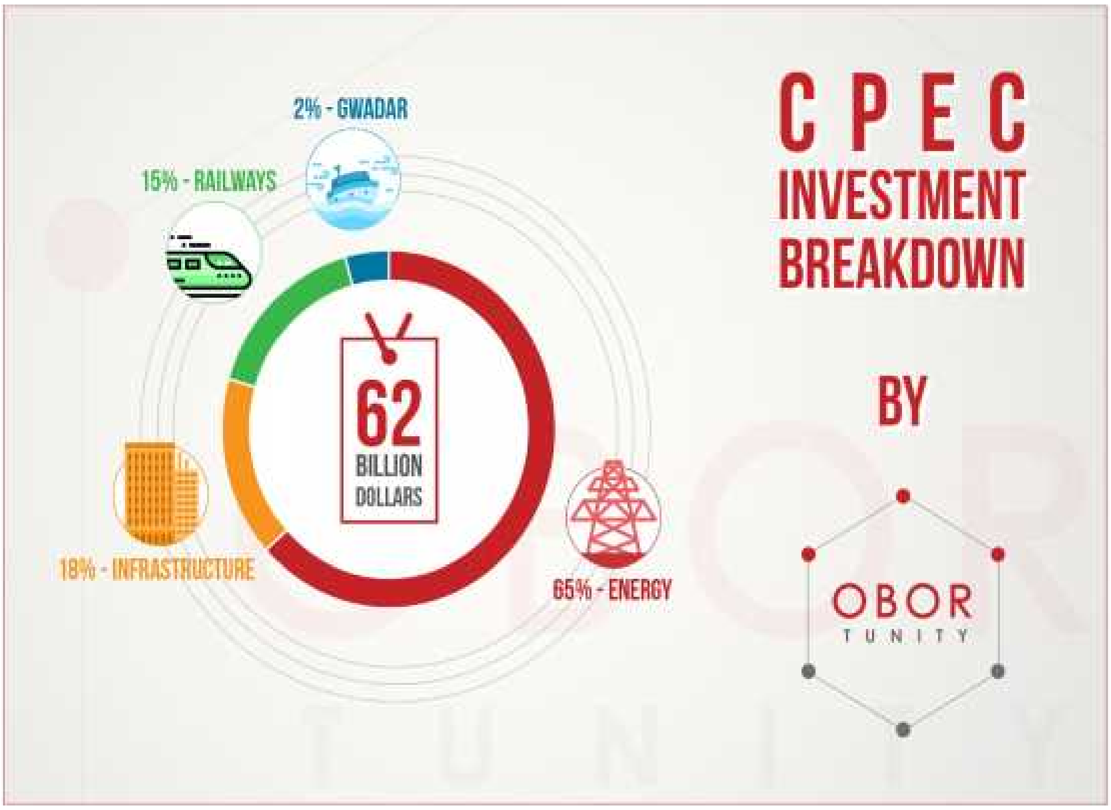
BRI has six corridors (Gill, Lall and Lebrand, 2019), namely (1) the New Eurasian Land Bridge; (2) the China-Central Asia-West Asia Corridor; (3) the China-Pakistan Corridor; (4) the Bangladesh-China- Myanmar Corridor; (5) the China-Mongolia-Russia Corridor; (6) the China-Indochina Peninsula Corridor (HKTDC Research, 2019).

The Belt and Road Initiative: Six Economic Corridors Spanning Asia, Europe and Africa



Source: HKTDC Research

The Chinese government selected CPEC as the flagship project of BRI because it is one of the easiest and shortest of amongst the other corridors (Nazir, 2017).China-Pakistan strategic alliance spanning over half a century, coupled with the short distance and political will on both sides enabled CPEC to be the natural first choice for China to invest. With the Chinese investment of USD 62 billion in the China-Pakistan Economic Corridor (CPEC) as the flagship project of BRI, China hopes to increase its trade with Pakistan to USD 150 billion (Kumar 2015, 305).



Source: (OBORTUNITY, 2018)

US government has time and again warned Pakistan against the Chinese predatory lending practices and debt sustainability as a result of CPEC projects (Iqbal, 2019). According to the US government, CPEC would push Pakistan deeper into an already stifling debt burden, foster corruption and repatriate jobs and profits to China.

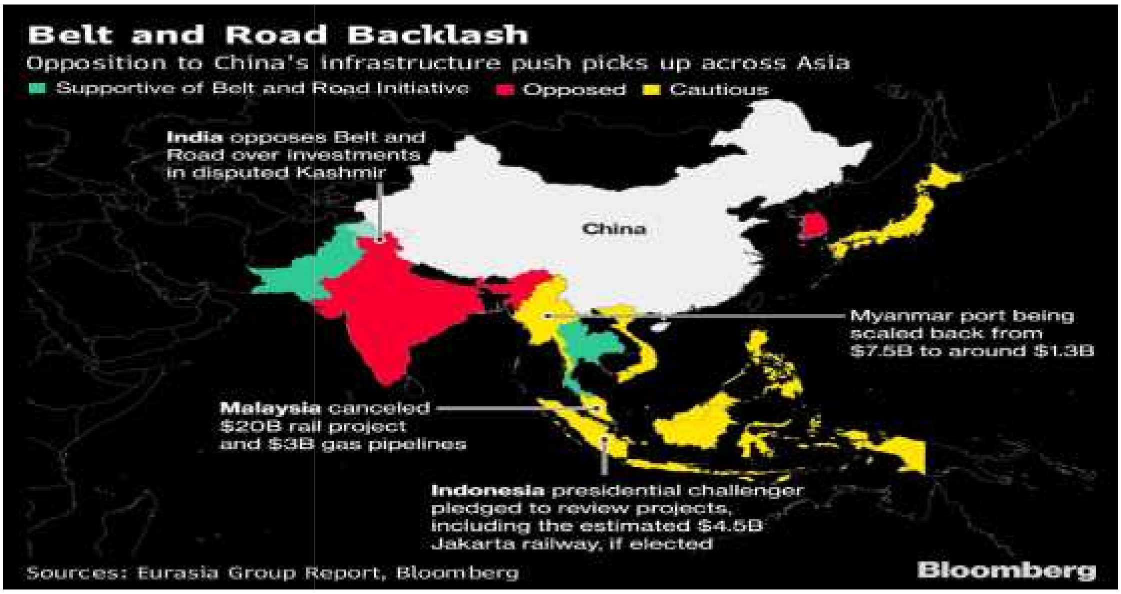
While the CPEC led to India's criticism of the corridor involving Gilgit-Baltistan, which is a part of the disputed Jammu and Kashmir, the CPEC also triggered differences at home based on historic inter-provincial dynamics in Pakistan. Nawaz Sharif, the Prime Minister of Pakistan, who launched CPEC with President Xi Jinping hails from the province of Punjab, which is his stronghold. Opposition parties in Pakistan labelled him as the Prime Minister of Punjab, who brought CPEC projects to disproportionately benefit the economy of Punjab, while ignoring other provinces. This infighting over the Chinese Foreign Direct Investment (FDI), slowed down the pace of CPEC projects. The opposition parties claimed that the Chinese government are dumping expensive loans on Pakistan to be spent in Punjab, whereas the remaining provinces would have to pay for them.

The next Prime Minister of Pakistan, cricketer turned politician, *Imran Khan* vowed to renegotiate CPEC agreements and promised transparency. While in opposition his party, Pakistan Tehreek E Insaf (PTI) also blocked the official inauguration of CPEC by President XI Jinping by organizing a long sit-in in front of the Pakistani parliament. Between 2015-2018 PTI led government in the province of Khyber Pakhtunkhwa also criticized CPEC as a Punjab (neighboring province) centric initiative and demanded a greater share in Chinese investment.

Power generation is a major component of CPEC projects, where the Chinese companies are setting-up over 10,000MW of power plants running on coal, gas, solar and wind power. As per the agreements, the government of Pakistan is responsible for providing land to the Chinese companies, who would invest money in power plants and sell power to the Pakistani government (CPEC, 2020). Advance power purchase agreements were a prerequisite to initiate power generation projects. The federal government of Pakistan and the provincial governments were supposed to fund 10 percent of infrastructure projects within their respective jurisdictions (CPEC, 2020). With the economic crisis in Pakistan, both federal and provincial governments of Pakistan have lost the capacity to contribute their portion in the CPEC projects. According to official government statements the progress on CPEC projects is slow due to lack of funding coupled with the change of government in Pakistan. So far only close to US $19 billion spent so far out of the pledged investment of US $62 billion (Prasso, 2020).It is for this reason that the Chinese have downgraded many of the CPEC projects and are trying to complete the early-harvest projects worth USD 20 billion.

BRI Backlash

There is a popular backlash associated with the Chinese BRI projects. BRI project have become hot election topics in many participating countries. New populist governments in participating BRI countries often try to renegotiate the project agreements with China in the name of 'national interest'.



Source: Bloomberg, 2019

The rise of populist leaders in Malaysia, Myanmar, Maldives, Pakistan and Sri Lanka are reneging on BRI commitments and scaling back on Chinese investments. Hambantota port in Southern Sri Lanka is most quoted example to substantiate Chinese predatory lending practices. The Hambantota port was developed by the Chinese loans worth USD 1.3 billion. Sri Lanka accumulated Chinese loans worth USD 8 billion and found it difficult to pay them back. Forced into a corner, the Sri Lankan government gave 85 percent stake in the port to China for USD 1.1 billion and leased the port of Hambantota to China for 99 years (Tweed, 2019). The newly elected President of Sri Lanka, *Gorabya Rajapaksa* promised on the campaign trail to revisit the Hambantota port leasing agreement with China.

In 2019, the Malaysian government led by the newly elected Prime Minister, *Mahatir Muhammad* cancelled USD 3 billion worth of pipelines and renegotiated the East Coast rail link project slicing the cost by a third to USD 11 billion. The new leadership in Maldives have also scaled back the USD 7.5 billion port deal to USD 1.3 billion and asked for debt relief (Tweed, 2019). Countries like Malaysia, which are financially stable are able to renegotiate with strength and able to some progress on their electoral promises. On the contrary, leaders from poor countries like Sri Lanka and Pakistan pretend to renegotiate BRI projects and put a stamp of approval to the already inked agreements, scoring points in lieu of their contribution towards building their respective nations.

There are concerns that BRI projects lack the environmental sustainability aspect and bring in Chinese labor to work on projects in the participating nations. Solar and wind power plants are important parts of CPEC projects which will add green energy to the Pakistani grid. Outside of CPEC, China is also developing nuclear power plants that will also minimize carbon emissions.

When it comes to manpower, China has brought engineers and technical staff to Pakistan,but hired three times more local staff to deliver CPEC projects (Planning and Development Division, Government of Pakistan [P&D, GoP], 2020). Pakistan lacks high-skilled labor to implement CPEC projects on the ground and it is for this reason that in my opinion, bringing Chinese engineers and technical experts was a necessity. Pakistani labors and semi-trained engineers have shared numerous stories of learning technical practices from their Chinese supervisors (Toppa, 2018).

Peace Building through CPEC

Chinese investment through CPEC raised Pakistan's GDP growth rate from 4.1 percent in 2014 to 5.8 percent in 2018 (World Bank, 2020). The Bloomberg predicted an average growth rate of 8.2 percent per annum from 2016-2021 as a result of the CPEC. They also predicted Pakistan's middle class to exponentially grow and surpass Italy and the UK by 2021 (Mangi, 2017). Large scale infrastructure projects have already employed millions of local people, providing them with decent wages and lifting them out of poverty. Investment in power projects raised the local generation and transmission capacity helping the power-starved industry to restart closed units employing millions of people and providing their families with livelihoods (P&D, GoP, 2020). CPEC projects have refocused and brought the spotlight back to human security. It not only is a step forward towards building liberal peace through independence but also in emancipation of the grass-roots population through employment and building livelihood.

Conclusion

The Asian Development Bank (ADB) projects that infrastructure development in Asia needs an investment of USD 1.7 trillion per year until 2030 to maintain its growth momentum tackle poverty and respond to climate change (ADB, 2017). BRI is filling in the existing investment gaps to finance the Asian Infrastructure needs. Chinese-led AIIB and the Silk Road Fund are both important institutions that could fund critical infrastructure development in Asia.

Critics of the BRI call Chinese investments as a front to mask Chinese neo-colonial tendencies of taking over critical infrastructure. The US government have put numerous public statements to warn countries about the predatory Chinese lending practices. While the example of Hambantota port is often narrated to substantiate the Chinese debt traps, it is also imperative to analyze the global business practices and domestic factors while analyzing the handover of infrastructure to China. Projects on Build, Operate, Own (BOO); and Build, Operate, Transfer (BOT) basis are a regular occurrence in many places. Many countries commission capital-intensive mega infrastructure projects on BOO or BOT basis. Azerbaijan signed the contract of the century with British Petroleum (BP) and other consortium partners to build the Baku-Tblisi-Ceyhan pipeline on BOT basis. Similarly, Pakistan is developing national highways and the port of Gwadar on BOT basis. The infrastructure built on BOT basis is usually transferred to the respective national government, after the developer recoups investment and earns a predetermined profit. Domestic factors also play an important role in handing over infrastructure to China. Pakistan transferred the Gwadar port to China after unsuccessfully trying to operationalize the port and reap economic benefits. The case of Hambantota port is similar, where the Sri Lankan government failed to generate profitable economic activity to repay the Chinese loans. In both these cases, there was significant level of domestic support towards leasing Chinese built infrastructure to China.

Chinese attitude has also softened towards the borrowing nations. In case of Pakistan, the Chinse government announced to turn the loan for the construction of Gwadar International Airport into a grant (Prasso, 2020). Similar write-offs and restructuring of debts are under negotiations with many borrowing countries. China is also responding to environmental concerns in its BRI projects by investing in green technologies. In case of CPEC, solar and wind power plants form an important component of the Chinese investment in power generation in Pakistan. China is also investing in a de-salination plant to make sea water drinkable in the port city of Gwadar. BRI projects in general and CPEC projects in particular are initiatives in the direction of positive peace as envisaged by Johan Galtung (1969). By lifting millions of people out of poverty and providing them with livelihoods, CPEC projects have significantly expanded the middle class in Pakistan (Mangi, 2017). Chinese investment and the subsequent increase in trade volumes have contributed to the human security of the people of Pakistan by providing livelihoods to people.

Pakistan is stuck between the great power rivalry: on one side there is the all-weathered friend China and on the other side is the ruling power, United States of America (Aamir, 2020).Economic and democratic recession in Pakistan has pushed Pakistan towards seeking a bailout package from the IMF. Pakistan has also requested budgetary assistance from Asian Development Bank (ADB) and the World Bank. Pakistan is also included in the grey-list of the Financial Action Task Force (FATF) for Terror Financing. US through its influence in all these institutions is pushing Pakistan away from China and scaling back on CPEC projects. Public statements against CPEC by senior US State department officials are a constant reminder to Pakistan to downsize the Chinese footprint in Pakistan (Aamir, 2020).

CPEC projects provide a unique opportunity to Pakistan to emancipate millions out of poverty, hunger and disease. If Pakistan is able to use the CPEC infrastructure well then it can certainly pull the country out of its economic recession. Making peace with India in the East and Afghanistan in the West would be required to utilize the newly build infrastructure to mutual benefit. For a long time, India has been demanding road access to Afghanistan, Iran and Central Asian States via Pakistan. So far Pakistan has resisted on the Indian request, but if Pakistan utilizes the six-lane signal free motorways between India and Afghanistan it could certainly boost its growth. The Chinese government has also advised the government of Pakistan to open trade with India to boost its economy. Pakistan could use its state-of-the-art infrastructure and geostrategic location to achieve growth and return the Chinese loans.

In the end, it is argued that the Chinese investment money is easily accessible to the countries in the Global South. The focus of BRI on Asia and Africa is also a good example of South-South cooperation. It is up to the national governments of the borrowing nations to make the best out of Chinese investments in its infrastructure and improve connectivity. If the borrowing government are able to materialize projects that could boost their economic growth, then it will certainly improve the level of human development in the respective nations. People are grass-roots level will be lifted out of poverty and it will be a step towards building positive peace. On the contrary, if the borrowing nations embark on costly projects, devoid of any economic sense then the debt burden will surely add to their economic woes in the long run.

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