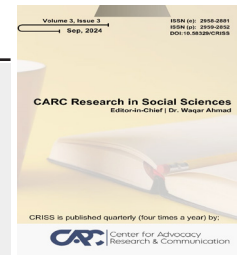




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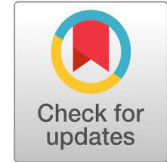
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Beyond Borders: A New Analysis of External Challenges of China-Pakistan Economic Corridor

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ABSTRACT

A new Global Order is emerging, along with new (re)alignments taking place in interstate relations between Pakistan and China towards the eastern camp. The China-Pakistan Economic Corridor (CPEC) project is US\$62 billion, and it will combat persistent instability, leverage Pakistan's strategic location, build economic development zones, support social infrastructure, and address Pakistan's energy deficit. CPEC will give China another entry point into the Indian Ocean through the Gwadar Port in Balochistan and Pakistan, which will provide a massive opportunity to improve its dire economic situation. However, to make the CPEC a successful reality, the state of Pakistan must confront and overcome a number of difficulties. Pakistan is clearly moving away from geostrategic concerns and towards geo-economics cooperation, emphasizing solid relationships with key regional players. Conversely, the CPEC has faced considerable international scrutiny and criticism since its launch in 2013. However, both countries face external challenges, both regional and global. This article aims to analyze the external challenges that Pakistan has been facing since the beginning of the CPEC and its economic lifeline. Pakistan is trying to balance relations with its neighboring countries and balance the power, which can resolve the external challenges of CPEC.

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INTRODUCTION

The China-Pakistan Economic Corridor (CPEC) stands as one of the crown jewel projects of China's ambitious Belt and Road Initiative (BRI) and a potential game-changer for regional connectivity and economic development of this Corridor. Standard deviation CPEC, envisioned as a multi-billion-dollar energy and infrastructural Corridor connecting Pakistan's Gwadar Port to China's Xinjiang province in the West, has drawn considerable interest because of its potential to alter the economies of South Asia

and other regions drastically. This Corridor holds significant meaning for both countries, as well as the border region. This Corridor was important for several reasons, such as strategic partnership, Regional connectivity, regional stability, infrastructure, and economic development; after opening the CPEC, both country's scholars' research on this topic such as (S. Sial, 2014; Kousar et al., 2018; Ahmed, 2019; M. Ali, 2020; Ashraf, 2023; Waheed et al., 2023; Siddiqui et al., 2023).

Few researchers have studied the challenges of the Corridor, including geopolitical, geostrategic, and geo-economic obstacles beyond China and Pakistan. Critics argue that the US-China rivalry and increasing proximity between the US and India have influenced the CPEC's success. The US seeks a stable, economically advanced Pakistan while ensuring its actions do not harm India, a relationship with which it has developed strategic cooperation (Fair, 2004). The economic partnership between Pakistan and China was initially welcomed with mixed feelings, but it later faced open condemnation from the United States. The

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American objection to Chinese investment in Pakistan is based on the argument that the terms offered by China are more favorable to China itself, as the interest rates are significantly higher than what other countries would offer (M. I. H. Lee et al., 2012).

A fervent discussion on the merits of the Build Back Better World (B3W) initiative vs. the Belt and Road Initiative (BRI) is currently taking place worldwide. There is a belief held by certain individuals that B3W is solely a response to oppose the Belt and Road Initiative. This idea is reinforced when considering the B3W fact sheet, which indicates that the G7 convened to “deliberate on strategic competition with China”(Sheng, 2023). This study seeks to examine the parallels, differences, and synergies between the projects in order to stimulate discussion in Pakistan and understand how it adapts to the current situation.

This article explores the geopolitical dynamics, regional rivalries, and global interests that affect the course of the China-Pakistan Economic Corridor and looks at the external hurdles it faces (See figure-1). We examine the complex environment in which CPEC operates and the implications for regional stability and economic development, ranging from the nuances of India's worries to the ramifications of U.S.-China competitiveness. We hope to provide a thorough analysis of the external issues facing CPEC and shed light on the complexity inherent in one of the most ambitious infrastructure projects of the twenty-first century by drawing on the insights of experts, politicians, and stakeholders. To evaluate the long-term feasibility and influence on regional dynamics of the CPEC, it is imperative to comprehend the external hurdles that the project faces as it navigates the geopolitical currents and attempts to overcome them.

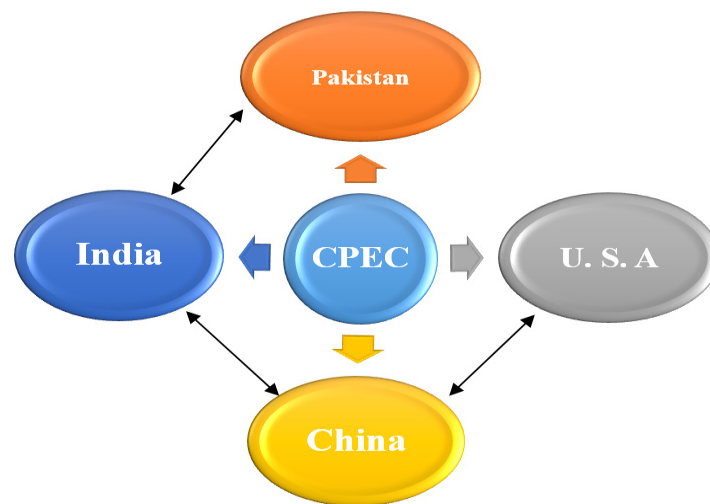


Fig. 1. China-Pakistan Economic Corridor External Challenges

Research Objectives:

Here are two main research objectives of this research;

- To analyze the external geopolitical, geostrategic, and geo-economic challenges faced by the China-Pakistan Economic Corridor (CPEC).
- To assess the implications of global initiatives like the Build Back Better World (B3W) on the Belt and Road Initiative (BRI) and its flagship project, CPEC.

LITERATURE REVIEW

A major external obstacle of CPEC pertains to the complex geopolitical dynamics of South Asian nations and the wider Indo-Pacific region. As Abb et al. (2024) observe, the CPEC places Pakistan at the center of China's BRI strategy, positioning the corridor in the capacity of a Key element in China's access to the Indian Ocean. This naturally invites responses from India, which perceives CPEC as a direct challenge to its regional effect, particularly given that the corridor traverses Gilgit-Baltistan, a territory asserted by both Pakistan and India (Sharma, 2017). Furthermore, Ahmed and Bhatnagar (2018) highlight that the India-Iran-Pakistan triad represents a complex intersection of geo-economics and geopolitics, with India's cooperation with Iran through the Chabahar port seen as a counter to China's influence in the region through Gwadar.

The Indo-Pacific strategy, championed by the United

States and its allies, adds further complexity to the external challenges facing CPEC. Abadi (2023) and other scholars emphasize how the U.S. has sought to balance China's rise by strengthening ties with regional actors like India. This geopolitical rivalry, often described as a “new Cold War” (Zhao, 2019), amplifies the strategic risks surrounding CPEC, as both China and Pakistan are drawn into broader contests for influence. Such rivalries make it increasingly difficult for Pakistan to navigate its foreign policy in a way that avoids alienating key regional actors, particularly India and the U.S. (Lim, 2023).

The international criticism and scrutiny surrounding CPEC largely stem from the broader strategic rivalry among the United States and China. Authors like Kousar et al. (2018) have examined how CPEC is seen as an extension of China's “debt-trap diplomacy,” where developing nations are lured into taking unsustainable loans from Beijing, leading to long-term economic dependence. While this narrative has been challenged, with some arguing that CPEC offers Pakistan an opportunity for economic development (Cheng & Fok, 2024), it nonetheless reflects the global discourse surrounding China's ambitions in the developing world. Moreover, U.S. strategic interests in the Indo-Pacific play a role in shaping the external pressures on CPEC. According to Hoh (2019), Washington's Indo-Pacific strategy aims to contain China's growing influence, viewing CPEC's role as part of the BRI as a strategic threat. New alignments like

QUAD complicate CPEC's external environment. (Mastro, 2024).

CPEC's external challenges are not limited to geopolitical tensions; economic factors also play a significant role. Pakistan's reliance on Chinese investment has raised concerns regarding the sustainability of its foreign debt. As Landry (2023) argues, while CPEC presents opportunities for Pakistan's economic growth, the local economic impacts of the initiative have been uneven. Critics have raised concerns about whether the long-term economic benefits of CPEC will outweigh the burdens of debt, particularly in light of Pakistan's current economic instability.

Furthermore, Ashraf (2023) examines the environmental and developmental risks associated with CPEC, arguing that political risks have undermined both economic growth and environmental sustainability in Pakistan. As the country grapples with its ongoing economic crisis, these issues are compounded by external economic pressures. Pakistan's energy sector, for instance, has benefited from CPEC-related projects, but it is yet to be determined whether these investments will translate into sustainable development (Ahmed, 2019). The literature emphasizes the significance of regional connectivity and cross-border cooperation in CPEC's success, despite challenges posed by strained relations between Pakistan and its neighbors, particularly India and Afghanistan. Ali (2022) provides insights into the China-Pakistan cooperation on Afghanistan, highlighting how CPEC could play a role in stabilizing the war-torn country.

However, the complex dynamics between Pakistan, China, and Afghanistan introduce significant challenges for the implementation of CPEC projects, especially in the aftermath of the U.S. withdrawal from Afghanistan. Similarly, Husnain (2021) emphasizes the importance of governance in cross-border regions like Gwadar. The Chinese investment in CPEC has impacted local governance in disputed territories, posing potential conflicts. The negative media portrayal of CPEC, particularly in relation to Gilgit-Baltistan, has added external pressure on Pakistan and China. The growing importance of soft power in shaping the narrative surrounding CPEC is also highlighted. As observed by Oden and Hamilton (2023), China faces challenges in promoting its political agenda through strategic communication, especially in anti-Chinese regions like South Asia. Addressing these through diplomatic engagement, regional cooperation, and strategic communication can enhance the prospects of the China-Pakistan Economic Corridor.

This review has provided an overview of the external challenges that CPEC faces, drawing from various sources. Future research could focus on specific case studies or conduct comparative analyses of CPEC with other BRI projects to provide a more nuanced understanding of the external pressures shaping this pivotal initiative.

METHODOLOGY

This study primarily utilizes a qualitative approach, concentrating on the collection of secondary data from existing scholarly articles, government reports, and media sources related to the China-Pakistan Economic Corridor (CPEC) and its external challenges. A systematic literature

review was conducted to identify and analyze key themes and trends regarding geopolitical, geostrategic, and geo-economic obstacles affecting CPEC. Data was categorized to highlight the most pressing challenges and their implications for regional stability and economic development.

RESULTS AND FINDINGS

India's Role in CPEC: Implications for Regional Dynamics

The Indo-Pakistan hostility is not a recent issue in South Asia regional politics; it existed before the launch of CPEC and has resulted in three significant and one minor dispute between the two countries. India, as a regional competitor of Pakistan, is expected to have concerns about the development projects carried out in Pakistan under the CPEC framework (Faisal, 2019). The CPEC had an immediate effect on enhancing Pakistan's global reputation in 2007; it was designated as "the most perilous nation on Earth" and later transformed into "the subsequent triumph narrative" (Raza et al., 2018). New Delhi has openly expressed opposition to the CPEC due to concerns that Pakistan may use its newfound economic riches to strengthen its military capabilities, which might hinder India's rise as a global force (Ahmed & Bhatnagar, 2018). Furthermore, the CPEC passes through Gilgit-Baltistan, a province located in Pakistan-Governed Kashmir, which is a heavily contested area between India and Pakistan. India believes the whole Kashmir area to be an essential component of its territory and views Pakistan's authority over the western section, including Gilgit-Baltistan, as unlawful. India maintains that the CPEC violates its territorial integrity, as per its stated position (Tariq, 2020). Micheal Kugelman, the Director of the South Asia Institute at the Wilson Center, stated that because of New Delhi's strong opposition, the CPEC is expected to escalate tensions between India and Pakistan (Kugelman, 2023).

Furthermore, in a remarkable action, U.S. Defense Secretary James Mattis endorsed India's assertion that the CPEC traverses a contested territory (Latif & Zia, 2020). Subsequent to this declaration, there was a surge in the dissemination of biased information aimed at discrediting the CPEC. The purpose of these assertions is to weaken and challenge the credibility of the extensive project. Notwithstanding these endeavors, several countries, notably Iran, Saudi Arabia, and the Central Asian Republics, have expressed their interest to participate in the project (Hoh, 2019). This Corridor has once again been a topic of attention. On July 21, at the third meeting of the CPEC Joint Working Group on International Cooperation and Coordination (JWG-ICC), China and Pakistan agreed to enhance collaboration with third parties, including expanding it to Afghanistan, in accordance with existing agreements (Tahir & Hussain, 2021). Chinese Foreign Minister Wang Yi expressed the desire for the Belt and Road Initiative (BRI) to be synchronized with Afghanistan's development strategies (Ghosh, 2023). Additionally, China aims to assist in extending the CPEC to Afghanistan and provide Afghanistan with opportunities for development. India has voiced its apprehensions about the newly suggested initiatives put forth by China and Pakistan (G. Ali, 2022). An Indian Ministry of External Affairs (MEA) official addressed a media inquiry over the matter by asserting that "such actions by any party constitute a direct violation of

India's sovereignty and territorial integrity" (Rubin, 1960). The spokesman reiterated India's unwavering opposition to projects in the CPEC, which are located in areas of Indian territory that are under unlawful occupation by Pakistan. India has denounced these acts as intrinsically unlawful, illegitimate, and intolerable (Iuppa, 2021).

India has consistently objected to the project due to its route through the region of Gilgit-Baltistan, which is under the control of Pakistan but claimed by India (S. Sharma, 2017). The 1,300-km Corridor is also considered to be an alternate economic route connection for the Kashmir Valley located on the Indian side of the border (Sering, 2012). The majority of influential figures in the Indian region of Jammu and Kashmir, including Chief Minister Mehbooba Mufti, have conveyed a positive outlook toward the project. Local business and political leaders have urged for the designation of Kashmir on both sides of the Line of Control (LoC) as a 'Special Economic Zone' (Khan, 2024). Nevertheless, if the CPEC is successful, it will enhance the perception of Gilgit-Baltistan as an internationally recognized part of Pakistan (Wolf, 2016; Asif & Ling, 2019; Hussain et al., 2023). It will diminish India's claim over the 73,000 square kilometer area, which is home to over 1.8 million people. A well-connected Gilgit-Baltistan that attracts industrial development and foreign investment will contribute to this consolidation (Husnain, 2021).

Eastward Bound: Understanding the Rotate to Asia Strategy

President Barack Obama altered the United States' strategy towards Asia, with a particular focus on the Indo-Pacific area (Turner & Parmar, 2020). A greater sense of equilibrium characterized the method he took. The primary catalysts for this change were the burgeoning economies of the Asian continent, particularly their rapid growth. President Obama, following his triumph in the United States, believed that the success or failure of our overarching plan would mostly depend on the progress made in the Indo-Pacific area (Scobell, 2021). Furthermore, he recognized that the primary security challenge that the U.S. currently faces is the escalating influence of China, which will emerge as a significant rival to the U.S. both on a regional and global scale (M. Zhao, 2019). Following that, U.S. President Obama implemented and promoted a strategy known as the "Pivot to Asia" to achieve a more equitable distribution of power in the region.

China's rapid economic and political ascent is seen as a significant danger to the international order established after World War II, particularly to the United States, which currently holds the dominant position (Layne, 2018). Simultaneously, the region lacks efficient frameworks for collaborative security and methods to restrain confrontation in the event of any misjudgment. In 2011, the United States announced the 'Pivot to Asia' Strategy in order to strengthen its relationships with the countries in the Indo-Pacific region (Saha, 2020). This decision was made due to the recognition of the strategic advantage China gained from its involvement in Afghanistan and the Middle East, as well as the negative impact and high costs of the ongoing wars (Mason, 2023). Regional countries are encouraged to follow the US's approach to protect freedom of navigation, despite increased tensions with China. China and the US's prudent management of the South China Sea is commendable (Lim,

2023).

The Indo-Pacific area is heavily influenced by geopolitics, particularly with regard to United States foreign policy. This has become even more significant since the introduction of the 'Pivot to Asia' strategy (Simons, 2023). Following President Donald Trump's inauguration, three policy documents were released that emphasized important priority areas. These publications include the 'United States National Security Strategy 2018', 'Defense Strategic Guidance', and 'Indo-Pacific Strategy' (A. Sharma, 2023). All three have focused the attention of the United States on the Indo-Pacific region. From the Chinese standpoint, the Belt and Road Initiative (BRI) serves as a means to expand its sphere of influence by showcasing collaborative involvement through economic incentives as new standards of global interactions (Petry, 2023). Hence, the dynamic regional environment showcases a rivalry between major powers, namely China and the United States, as they compete to expand their areas of control through assertive actions and differing approaches (Tahir, 2024). The hegemonic stability theory illustrates the dominant position of a hegemonic power, which in this instance is the United States as the status-quo power (Talibu et al., 2023). The United States and China are offering significant economic incentives through the pivot to Asia and the Belt and Road Initiative (BRI) to showcase their soft power in providing public goods (Obaidullah & Raihan, 2024). Both the 'Pivot to Asia' and 'BRI' initiatives offer significant economic incentives for the development of public goods, presenting an alternative approach to power shift based on economic incentives and cooperative involvement (Palit & Bhogal, 2024).

Growing American Reliance on India to counterbalance China and Pakistan in the region

In the context of the United States, foreign policy has always included both safeguarding interests and advancing principles, and India fulfills both criteria on several fronts. Washington and New Delhi often emphasize the collaboration between the United States, the world's oldest democracy, and India, the world's biggest democracy (Bajpaee, 2024). Collaborating with India offers significant potential for U.S. security objectives, especially in relation to Washington's efforts to oppose China. U.S.-India Ties Remain Fundamentally Fragile India cooperation, the state of ties is really much more delicate than it may seem (Shah & Karki, 2024). Undoubtedly, the two nations are still facing conflicts in other domains that, if not resolved, might potentially weaken or disrupt future collaboration.

U.S. Defense Secretary Lloyd Austin had discussions on enhancing the security alliance with India, a significant purchaser of weapons. The objective was to establish a plan for cooperation over the next five years as both nations confronted China's economic ascent and growing hostility. The bilateral relationship between the United States and India has seen significant and fast growth and strengthening during the last two decades (Liu & He, 2023a). Narendra Modi's next trip to the United States will mark his ninth visit as India's Prime Minister and his second visit since Joe Biden became the President of the United States (Paul, 2024). The United States stands to benefit equally from the increasing proximity as India does.

India has just surpassed China in terms of population

size, and although its economy is still smaller, it is seeing a more rapid rate of growth. India is now the world's fastest-growing major economy, with its GDP having already exceeded that of the United Kingdom and is projected to surpass that of Germany (MANDAL, 2024). India is a significant export market for the United States, particularly for armaments. However, the potential for business prospects is at the first stage. Amidst intensifying geopolitical rivalry, the United States is actively seeking alliances to offset the expanding influence and aggressiveness of China, as well as its more aligned partner, Russia. India serves as a natural ally for Western democracies (Qadri, 2024). Still, its true significance lies in being a crucial "swing state" in the battle to influence the destiny of the Indo-Pacific region and the global order as a whole. The United States cannot bear the consequences of aligning itself with the developing alliance between Russia and China (Mastro, 2024).

Geopolitical chess: Analysis of U.S. Efforts to constrain China in the region

Beijing criticized Washington for persistently attempting to restrict China and expressed dissatisfaction on the South China Sea and trade issues just one day before the scheduled arrival of U.S. Secretary of State Antony Blinken in the country (Singh, 2024). During a briefing on Tuesday, a foreign ministry official stated that the United States has implemented actions to stifle China's economy and commerce, resulting in significant damage to Chinese interests (Zuppello, 2024).

"The action does not eliminate risks, but rather generates risks,"

stated the unnamed official from the North American and Oceanian relations department of the foreign ministry.

"The United States is persistently pursuing its strategy to restrain China and consistently engaging in actions and using language that interfere in China's internal matters, tarnish China's reputation, and undermine China's interests" (Altan, 2024).

President Xi Jinping accused Washington of attempting to isolate his country and impede its progress (Yue, 2024). The governing Communist Party is increasingly frustrated by the obstacles it faces in achieving economic prosperity and worldwide power due to U.S. limits on technology access, its backing for Taiwan, and other actions perceived as hostile by Beijing (Shirk, 2023).

Xi, the most influential leader in China in decades, strives to project an image of being unaffected by issues and typically offers generic and optimistic remarks in public (Shambaugh, 2024). That intensified the impact of his complaint on Monday. Xi stated that the United States' efforts to "contain and suppress" China have presented unprecedented and serious challenges (Jiemian, 2023). He urged the masses to have the courage to engage in battle. China is not the sole government that expresses anger against Washington's control over global strategic and economic matters (S. Zhao, 2024). Chinese authorities saw the United States as actively working to hinder Beijing's aspirations to become a regional and potentially global leader (Kurlantzick, 2023). The ruling party aims to reinstate China's historical position as a prominent political and cultural influence, enhance income levels by positioning the country as a technological innovator, and consolidate what it perceives as the Chinese homeland by asserting

authority over Taiwan, the independent democratic island that Beijing asserts as its territory (Hass et al., 2023).

American officials view Chinese growth objectives as potential risks due to potential technology acquisition through theft or pressure, potentially undermining the US's industrial dominance and earnings.

U.S. China Economic Rivalry

After surpassing Great Britain in the 1870s to become the world's largest economy, the United States is now confronted with an economic competitor that is equally substantial and, in some aspects, even greater.¹ This chapter analyzes China's progress in narrowing the economic disparity with the United States and, in certain cases, surpassing it (M. Lee, 2024). The examination primarily examines four key aspects of economic strength: Gross Domestic Product (GDP), trade, business and investment, and finance (Islam et al., 2023). Gross Domestic Product (GDP) serves as the foundation for power dynamics between states. Just after the end of the Bush era, the relationship between the United States and China experienced a significant shift in 2009 when the newly elected Obama administration declared its intention to focus more on Asia, known as the "pivot to Asia" (Jentleson, 2023). The effort known as the TPP was primarily focused on establishing a trade component aimed at ensuring.

The United States, rather than China, established the trade regulations in the Asia-Pacific region. Additionally, the Air-Sea Battle doctrine was developed by the United States to counter China's increasing capability to assert its claims in the South China Sea and prevent the United States from projecting its military force in the Western Pacific region (Murphy & Turek, 2024). The specific factors that supported the pivot are not clearly understood. A comprehensive analysis conducted by Kenneth Lieberthal for Brookings found no explicit occurrence or justification for the shift (Miller & Dale, 2023).

Lieberthal observes that Obama had a total of 10 meetings with his Chinese counterpart, Hu Jintao, as well as many sessions with Premier Wen Jiabao (Lynch & Rosen, 2024). This trend is also reflected in the meetings between U.S. Secretary of State Hillary Clinton and Treasury Secretary Tim Geithner with their Chinese counterparts (Gautney, 2023). One possible explanation is that changes in people within the Obama administration resulted in a shift towards more aggressive attitudes toward China. In general, the prevailing sentiment expressed in American opinion (which is also echoed in China, as Lieberthal points out) is that the United States was falling into the Thucydides Trap, with the pivot being merely a response to China's growing influence (Maull et al., 2023).

According to Daniel J. Kritenbrink, the U.S. assistant secretary of state for East Asian and Pacific affairs, the United States is pursuing a two-fold strategy in its intense strategic competition with China in the Global South (Alasalmi, 2023). This strategy involves investing in U.S. capabilities and forming closer alliances and partnerships with other countries. The United States is seeking to rival China in the Global South due to China's pursuit of an alternative global governance model, as exemplified by initiatives like the Belt and Road Initiative and Global

Development Initiative (Mangani, 2024). These initiatives deviate from the fundamental principles that underpin the international system, as cautioned by Krittenbrink; he observed that certain Chinese initiatives in other nations have negative impacts on the environment or result in unmanageable levels of debt (Cheng & Fok, 2024). "We are engaged in competition with China to provide a more advantageous proposition to developing countries," Krittenbrink clarified, highlighting the United States' recent offerings of bilateral development assistance, humanitarian help, and infrastructure investment (Regilme Jr, 2023).

Build Back Better World Initiative by U.S.

In June 2021, the G7 nations, with Biden's support, launched the Build Back Better World (B3W) program to counter China's Belt and Road Initiative. The US is in a "long-term strategic competition" with China, fearing it may weaken global interests. The tensions between China and the US are expected to escalate as President Biden urges G-7 allies to take action against China's use of coerced labor, particularly involving Uyghurs from Xinjiang, who are involved in oppressive factories. The administration official criticized China's unjust economic competition for human rights violations, highlighting the G-7's commitment to protecting human rights. The Uyghur Forced Labor Prevention Act, aimed at enforcing financial transparency from US companies, was reintroduced in February. However, the support from G-7 allies remains uncertain due to their commercial ties with Beijing.

Indo-Pacific Competition between the U.S. and China

U.S. President Donald Trump initially declared the Indo-Pacific policy (IPS) during his visit to Asia in November 2017 (Patton, 2023). It is a recently established maritime policy that is being developed and executed by four key countries: the USA, Japan, Australia, and India. This ambitious strategy is a plan or course of action that aims to achieve significant goals or objectives. The concept primarily encompasses economic integration and defense cooperation with countries in the Indo-Pacific area (Abadi, 2023). The objective is to provide viable alternative strategies, backed by significant financial investment, to the countries in the region. This will effectively impede the advancement of China's Belt and Road Initiative (BRI), strengthen and expand the United States' network of alliances, uphold its dominant position in the region, and weaken China's ties with the nations along the Indian and Pacific Oceans (Liu & He, 2023b).

The Indo-Pacific Strategy (IPS) is popular among liberal nations, with Japan being the creator. The US integrates it into national security programs, while Australia and India are potential allies. ASEAN aims to maintain IPS centrality and incorporate China's Belt and Road Initiative to optimize economic advantages and reduce security risks. (Park & Wisuttisak, 2023). The implementation of the International Public Sector (IPS) in China will pose significant challenges, including economic threats to the BRI, political issues with the US, and negative impacts on China's interactions with neighboring countries, as well as strategic threats to its maritime security. (Karim et al., 2024).

Nevertheless, the Western countries' partial transfer of control over the global economic structure - which was

originally based on openness and universality - to exclusive "like-minded" small groups and their use of this structure as a weapon against both enemies and neutral parties does not bode well. The bloc's ability to maintain the current global order is also at risk due to the increasing political populism and economic nationalism in Western countries (Kutlay & Öniş, 2023).

Furthermore, the interconnectedness of the United States' hub-and-spoke regional architecture may result in the escalation of arms races and intermittent demonstrations of might, ultimately culminating in a severe crisis. It is not readily apparent that this will occur (Strating & Wallis, 2024). The Indo-Pacific area is not a cohesive and interconnected whole. Similar to the isolated equilibrium observed in Europe before the 18th century, the Indo-Pacific region exhibits a collection of regional balances (Ogden & Jones, 2023). These balances are characterized by the fragmented nature of the main security interests of Japan and India, both of which have not historically sought to counterbalance Chinese dominance (Hornat, 2023).

Mini-lateral alliances like AUKUS in Indo-Pacific are no longer promoting peace and stability, as regional architecture is being used for confinement and separation, rather than unity. (Desthieux & Thebault, 2024). Furthermore, the United States and China may experience a shift towards rivalry as the period of strategic partnership, as intended by Kissinger, comes to an end. This is not self-evident. Achieving an intermediate equilibrium that relies on self-restraint and new legitimizing guiding principles is possible, but it will need exceptional expertise in diplomatic finesse (Lugli, 2023).

However, it is quite unlikely to anticipate that the 200 years of Anglo-American dominance and the 500 years of Western superiority will be willingly surrendered to a culturally different major power, especially one with a Leninist regime (Wang, 2024). However, in China, the United States is confronted with a rival that will eventually undermine the fundamental strategic assumption on which U.S. dominance has always relied: the belief that America will consistently be capable of addressing any strategic problem from a position of national power (Brands, 2023).

U.S. Claims CPEC is a Debt Trap for Pakistan

The United States has cautioned Pakistan that the China-Pakistan Economic Corridor (CPEC) will worsen the country's already heavy debt, foster corruption, and result in the transfer of employment and profits to China (Suhra et al., 2023). In a speech characterized as "remarkably detailed" by the global press, the principal American ambassador for South Asia cautioned on Thursday that the multi-billion-dollar initiative will have a detrimental impact on Pakistan's economy during the forthcoming years when repayments and dividends are due (Swifte & Al Khowaiter, 2023).

Assistant Secretary Alice Wells clarified that CPEC does not function as an aid to Pakistan but rather as a financial mechanism that ensures profits for Chinese state-owned firms while providing limited benefits for Islamabad (Abb et al., 2024). This particular cautionary statement is being issued at a time when Washington and Islamabad are endeavoring to mend their tumultuous relationship, as

highlighted by an international media article. Ms. Wells delivered a speech to an audience of diplomats, researchers, and journalists at the Wilson Center in Washington (Oden & Hamilton, 2023). During her speech, she provided particular examples from the project. The railway upgrade from Karachi to Peshawar is the most costly individual project of CPEC (Shahzad et al., 2023). "The price was initially set at \$8.2 billion," she stated when the project was first unveiled. In October 2018, the Pakistani railroad minister declared that they had successfully bargained the price down to \$6.2 billion, resulting in savings of \$2 billion (Noureen, 2023). He stated that Pakistan is an economically disadvantaged nation; we are unable to bear the substantial weight of these loans. "However, according to recent media reports, the price has now increased to \$9 billion," she added. "Why is the Pakistani public unaware of the cost and the process of determining the price for CPEC's most costly project?"

The American diplomat emphasized the enduring consequences in Pakistan resulting from China's "financing practices" and advised Islamabad to scrutinize the "challenges" faced by the new government. This government is handling an approximate debt of \$15 billion owed to the Chinese government, along with an additional \$6.7 billion in Chinese commercial debt (Duceux, 2024). Ms Wells also stressed the need for Pakistan to understand that China's financial assistance comes in the form of loans, not handouts, similar to the United States (F. Sial et al., 2023). Pakistan's economy is expected to be exacerbated by China's increasing burden on the country in the next four to six years, as China repays non-CPEC Chinese debts. (Landry, 2023). Ms. Wells cautioned that even if loan payments were postponed, they would still pose a significant obstacle to Pakistan's economic development potential, impeding Prime Minister (Imran) Khan's reform plan (Ramzan, 2023).

China and Pakistan have resisted allegations of a "debt trap" in the country, focusing on building the China-Pakistan Economic Corridor. State Councilor and Foreign Minister Qin Gang and Pakistani Foreign Minister Bilawal Bhutto Zardari discussed the potential for increased project expenses and corruption, aiming for self-reliance and sustainable development. (Embassy, 2023). Qin highlighted that this year signifies the 10th anniversary of the initiation of CPEC. He said that through the collaborative endeavors of China and Pakistan, the Corridor has emerged as an exemplary instance of Belt and Road collaboration, leading to substantial enhancements in Pakistan's infrastructure and concrete economic and social advantages (staff reporters, 2023). The two nations are expediting the advancement of the Corridor's high-quality development and cultivating fresh catalysts for economic expansion. According to Qin, this will facilitate Pakistan's participation in international industrial collaboration, the establishment of competitive industry clusters, and the improvement of export competitiveness (China Embassy, 2023).

China is alleged to be creating a 'debt trap' in Pakistan, but Qin argues that Pakistan needs tangible assistance and stated that China will collaborate with Pakistan under the CPEC platform for development policy coordination. (Foreign Affairs, 2023). China and Pakistan have emphasized the China-Pakistan Economic Corridor (CPEC) as a collaborative platform, welcoming participation from other countries for mutual benefits. China is ready to enhance security

collaboration and urges Pakistan to maintain security measures.

CONCLUSION

The China-Pakistan Economic Corridor (CPEC) faces external challenges due to international interests, local conflicts, and geopolitical rivalries. Balancing conflicting interests, reducing security threats, and tackling socioeconomic inequalities requires cautious diplomacy, strategic forethought, and international collaboration. The CPEC's potential to improve economic conditions in China and Pakistan requires overcoming these external factors. The analysis highlights the importance of interacting with stakeholders like nations, international organizations, and local communities to resolve issues, establish agreements, and promote accountability. China and Pakistan can enhance the CPEC project's resilience and sustainability by fostering discussion, trust, and inclusive development. However, external challenges may hinder progress and strain the relationship between the two nations, potentially undermining their friendship.

Conflict of Interests

The authors has declared that no competing interests exist.

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