The Analysis of China, Pakistan Economics Corridor (CPEC) through the SWOT Technique

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Abstract—China, Pakistan Economics Corridor (CPEC) is the sustainable projects between China and Pakistan. The primary job of the CPEC project regional connectivity among Asian countries is to enhance exports, and imports are an incredibly fast and more convenient way. Nevertheless, current work focuses on the CPEC project through SWOT examination. To conducted SWOT examination of CPEC project, what are the internal strength, weakness and external opportunities, threat of the potential project in the host country? Is the internal strength and weakness are lower than external opportunities and threat. If yes, How to the host country and the Chinese government strategy with it. The last part of the current work added conclusions of the CPEC project.

Keywords—China Pakistan Economic Corridor (CPEC), Belt & Road initiative (BRI), SWOT analysis, Economic corridor (EC), Host country (HC)

I. INTRODUCTION

Fast and modernizes business habitually depend on the corridor and corridor is representative of economic development between countries. As indicated by Bruner “economic corridor (EC) is not the name of the connections between the two countries, but at the same time is the name of the economic zone, for the rural and urban area development [1]. Further, Isono investigated that the EC is a name of conception new development ideas, exchange business ideas, and a framework within a particular region to gain most valuable advantages acquired from rural and urban zones and to promote production and transportation conveniently [2].

Contrary to this, China Pakistan Economics Corridor (CPEC) signed in April 2015 with the President Xi Jinping and Prime Minister of Pakistan Nawaz Sharif. Total investment amount through CPEC project 46 USD Billion in the host country (HC). The 46 billion USD investment contribute to diverse sectors of the Pakistani economy, including energy, transportations and infrastructure, oil pipeline, Gwadar seaport, and internet connecting zones. The aggregate amount for putting resources into Pakistan 46 US Billion, but putting these investment amount increments 62 billion over time to time because the corridor has extraordinary gainfully in the Asian territory [3]. Contrary to this, the goal of a corridor to connect Asian states with a shorter route, promote export and import conveniently.

Currently, the Kingdom of Saudi Arabia also joined the CPEC Project and invested 10 billion US dollars in Gwadar to established oil city, and promote oil through CPEC project [4]. The SWOT examination, mostly SWOT, analyzed present work uses for the organization’s accomplishment of its outdoor opportunities and threat with inner strength and weakness [5]. The SWOT technique is used for current work to investigating the CPEC project and take a decision strategy regarding the future of CPEC. In Fig.1, show that the parameter and hypotheses for the SWOT examinations in the current work. The goal of current work to meet strategic aspects identification and uses for organizational alteration to CPEC: minimize the weakness and consolidating the strength and getting the opportunities from external, and eliminating the threat. Nevertheless, to the best of our insight, there is no nitty gritty investigation of the CPEC project through the SWOT approach. The authors add to the limited research related to CPEC project.
II. APPLYING THE SWOT ANALYSIS AND FINDINGS

A. Strength and Weakness

1) Strength

a) Strategic Location of Pakistan and CPEC Project

The strategic location of the host country (HC) is vital due to its close to the Persian Gulf, Africa, and other Asian countries. Furthermore, 40% of oil exports & imports and passes through the coastline of HC. Given its central location of HC, Chinese policymakers thought that in case we place assets into HC and improvement Gwadar seaport (CPEC project part) later on, then irrefutably a better than average sign for China, Pakistan and rest of the African, Asian, and Gulf countries.

b) Population of Pakistan and CPEC Project

Strength of the HC is the youth population. Pakistan is ranked six numbers on the population in the globe. However, 60 percent of the youth population well educated and connected with the various divisions in the HC and can drive the country speedier than ever. Mostly youth populace is excellent in the IT sector, although with the limited resources, energetic and diligent that can significantly influence the excelling for the economy.

c) Depth Seaport, a capacity of Gwadar and CPEC Project

The alternative strength and quality of HC is depth ocean level; it is vital of cargo and separate overwhelming baggage dispatch for export and import through maritime route. Some of the coastlines are significant, but the depth level is not impressive. Therefore, in this manner, the ship docks staying in the center or closest point of the coast, but in the Gwadar seaport, ship comfortably stays in the closest coast point due to its depth level. However, in table I, variation between Gwadar seaport and others. The level of capacity indicated by the chairperson of Gwadar seaport, Gwadar seaport capacity at a time 200000-ton tanker. Furthermore, chairperson of Gwadar continues his statement the ability by 2025 will be more increment and that time capacity 13,000,000 tons yearly, yet this esteem does not stop here in 2030 it is capacity up to 40,000,000 tons annually at that time [6].

d) Lack of Competition and Transportation’s Facility and CPEC Project

The strength of HC competition is not too much. However, Norway and UAE are starting a business in the telecommunication sector in Pakistan now they are an excellent financial position. The primary credit goes to nonappearance of a competitor in Pakistan telecommunications sectors [7].

Host country serves as a convenient and favorable transportation hub for it is a neighbor state. For instance, China exports and imports from different countries and covers an estimated 12000 KM transportation route. Now through the corridor, the length of the road shorter and cover 3000 thousand kilometers.

e) Environmental conditions and Relationship with Neighboring Countries and CPEC Project

The strength of HC God gifted excellent environmental condition throughout the year. It is not too much freezing temperature for the entire year, not too much warm temperature, and polluted condition as well as not too much polluted with the entire year.

2) Weaknesses

a) Quality Education and CPEC Project

The most weaknesses side for countries is quality education in each field. Without education, countries cannot enhance their progress in front of other developed countries. By and by in the HC, the condition for quality education is not fulfilling current demand. In the host country, there is a different type of institutions, but these institutions are inadequate not providing higher education as for future demand. However, through the CPEC project, each one field require higher professional workers to establish and run projects such as infrastructure project, energy project, internet connections project, and pipeline project.

b) Leadership and CPEC Project

Weakness side misfortunes of Pakistan did not find an honest leader. On the off chance, whenever HC people found an honest leader at the highest level than the dream of people would be fulfilled. When any administration is intrigued in his business and power not fascinating to building up nation economy, then next time, lose the foreign direct investment, and afterward cannot push the economy furthermore [8].

c) Corruptions and CPEC Project

The host country most critical weakness side, the corruption level is not right positions from a higher level to a low level. Corruptions condition now in a host country like a risk in the project. Straightforwardness international report

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of Seaport</th>
<th>Depth</th>
<th>Capacity of Ship</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>Dubai seaport</td>
<td>9 Meter</td>
<td>67</td>
</tr>
<tr>
<td>2</td>
<td>Dammam seaport</td>
<td>9 Meter</td>
<td>39</td>
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<tr>
<td>3</td>
<td>Qatar seaport</td>
<td>11 Meter</td>
<td>29</td>
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<td>4</td>
<td>Oman seaport</td>
<td>10 Meter</td>
<td>19</td>
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<tr>
<td>5</td>
<td>Iran seaport</td>
<td>11 Meter</td>
<td>24</td>
</tr>
<tr>
<td>6</td>
<td>Gwadar seaport</td>
<td>18 Meter</td>
<td>120</td>
</tr>
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about corruption in HC level in 2012, 27 scores, but now increase 2017, 32, and positioning side of global ranking in 2017, 117/180 [9].

d) Politics and CPEC Project

Weakness side in the host country, the country independent from British ruling. Since the country is a democratic state. Notwithstanding look like kingdom country because the two ruling parties in power and settle the government in each one election. Nevertheless, both parties’ social affairs, not working truly, and genuinely. However, Gwadar seaport initially thought was exhibited by the US in 1980, but the US drop the idea due to Afghan war (Russian bury into Afghanistan) and HC politicism involve on own Business and politics [10].

e) Intercommunications and CPEC Project

Another ruthless weaknesses side of the incident to country exchange structures is not proper and speedy between department A and B. For the information’s exchanges most of time courier services usage between the departments. Before long, courier services (Government dispatch) are not delivering on the fastest way. Because resources are not advanced for delivering and communications. However, by and by through CPEC project, HC connected with different states for inspiration driving business correspondence. Then upgrade the correspondence system for fast business communication and use the IT side.

3) Opportunities

a) New Investment and CPEC Project

The opportunities from the CPEC project, new investment attains at the host country even more rapidly. Before the CPEC project, foreign direct investment (FDI) ratio was not impressive in 2012, only 2099.10 million US, when the Chinese Government investment 46 Billion US and now ratio in 2017, 3434.90 Million USD yearly [11]. Nevertheless, now the Russian Government is accumulation positioning to be a section of the CPEC project in the Future. Besides, Iran also, places want to join CPEC project for export oil and gas through the CPEC project [12].

b) Energy and CPEC Project

The opportunity through CPEC project, energy resources demand public and industrial revolution growth fulfilled. By and by genuine prospering and cheerful for country people to capability an energy crisis through the CPEC project and fulfilling ask for from its public and industry. The essential rope is going to China and finding the solution for its substantial energy crisis in the country. However, through the CPEC project, the total entirety of 46 billion US, 75% only for the energy crises in the HC. Through the CPEC project, 17,000-megawatt energy provides by coal, small dams, and solar plant project. The shortfall in HC approximatively 9 to 10 thousand megawatts [13].

c) Export-Import effect and CPEC Project

The opportunities for host country people in the future export and import are fast and more convenient through the CPEC project. The HC is an agribusiness country, and CPEC project is beneficial for labor and its product. CPEC is the fastest route for the agricultural product to export and import smoothly and conveniently. The necessary illumination for promoting agriculture product, because of the CPEC a part of Chinese Government Business Plan ‘Belt and Road initiative (BRI)’. Through CPEC and BRI agriculture product, easily export to the Asian market as well as the European market.

d) Employment Opportunities CPEC Project

The opportunity behind the CPEC project, most of the unemployment individual, starting a business under the busy transportations network or find job opening opportunities where CPEC project. However, as indicated by Chairman of Gwadar seaport “Dosteen Khan Jamildini” Gwadar seaport employment opportunities will increase in the coming years because presently extent 65% Pakistani working here and 35%, Chinese workers in Gwadar seaport. However, a ratio in the coming year will be more increases because of Pakistani workers are not professional, technological working side, when they learn from Chinese, skillful and professional workers than that extent of job opportunities will enlarge later on [14].

e) Advanced Technologies and CPEC Project

Opportunities from the outer side through CPEC project upsurges in the coming years. However, the host country not developed country to uses modern technologies in the different sectors. Nevertheless, the fundamental reason the education system is not commensurate with the most outstanding countries on the globe. Through the CPEC project, new technologies establish and uses in the country a short time later; the HC Government improves the structure from forefront technologies uses in the different sectors through CPEC project [15].

4) Threats

a) Security and CPEC Project

Some of the threats to CPEC project is not for the inner side. However, in light of the Afghan war, since from 2001 until date, country of Pakistan is also facing security issues. The reason behind that is an open border with Afghanistan, and a length of the border is more than two thousand kilometers. However, from the border side, Pakistani people targeted from India and Afghani war from 2003 to 2016 (21389) people died [16].

b) International issues and CPEC Project

The second one threat to CPEC project some of the neighbors are not content to CPEC project. They are planning to establish seaport nearest to Gwadar seaport, namely Chabahar. Chabahar located in Iran and from Gwadar seaport 72 Kilometer. In this manner, India, Iran, and Afghanistan nexus are indeed not a decent sign for CPEC project later on [17]. They are planning to develop Chabahar seaport to demolish the value of Gwadar seaport.

c) Financing from China and CPEC Project

The third one threat for the CPEC project in the future global financing. Global financing directed by five methods: Foreign direct investment, project financing, loan, credit, and concessional loan. China is taken project financing without clarity in someone project. However, in the Karot hydropower project(a part of energy project), Chinese worker cost before at work 4.5 % US dollar per hour fixed, but when the project start
cost of Chinese workers increases to 5.5 % dollar without clear notice [18].

d) Tourism, Forestry, and CPEC Project

The threat side to the host country, the most critical factors as compared to other human values, tourist service, and animal life in the forestry area is important. However, substantial movement on-road vehicle expels terrible smoke and smoke effect on the society and as well as tourist services and forestry life. Birds, forestry life, and tourist service badly affected through expel of smoke.

e) Environment created from External sources, Pakistan is a failed state and CPEC Project

Threat side some of the countries against the host country and CPEC project. Make a necessary condition for HC to show that HC is a failed state. Everything considered they are planning to destabilize, and try to demonstrate that HC is a smash, and burn country not sensible for any project. With the ultimate objective of, they are using assists to smash and demolish the CPEC project. They are planning to develop their seaport, putting the aggregate in the future to progress and achievement in their harbor [19].

B. Strength and Threat Analysis:-

A recent examination of the SWOT technique. The strength of the host country, when contrasted with outside and inside hazard, is more. The fundamental reason HC is a point position in Asian countries as well nearest to Gulf and Africans countries due to central position opportunities arrive due to its strategic location more rapidly. Strategic location and depth level of Gwadar seaport 40% of an aggregate oil pass coastline territory. Populace measure, lack of competitors, and free zone in each one province, especially in the territory of Gwadar will be symbolic for brighter business opportunities in the future. Another side of SWOT examination of risk factors, not our inward side but instead originating from Afghan war side. The Afghan war is a brief rest of different components like outer offices endeavor to demonstrate that HC is a failed state. Every time they failed in his framework. The environmental condition depends upon government approaches if they make a framework and a predominant circumstance then no extreme risk later on.

C. Weakness and Opportunities:-

The recent examination of weakness and opportunities side most essential factors in the host country is quality education. In HC, some association is impressive, yet few institutions are not adequate for future interest and demand. Another reason, inward side corruption, politics, communications system, is all in one solution, honest, well-educated leader is fulfilling dreams of Pakistani people. Contrary to this, the examination of recent study foreign direct Investment increases, and then have a need proper planning for business opportunities arrive in the country more briskly. Our export, import, and business openings will fabricate even later on. Most important factors because of CPEC project new and innovative innovations from the Chinese side. Utilize those innovations in the diverse area, and the nation can spare the time and riches later on.

III. CONCLUSION

The recent investigations of present work, we analysis the CPEC project through the SWOT technique. We found that the SWOT technique positively elicit CPEC project. We observed that CPEC project significant degree an unmistakable preferred standpoint for China and Pakistan and furthermore for Gulf countries and Asian countries. However, in the SWOT technique, we found that the strength of the project is comparable to outside and inside threat is more as shown in the recent study of CPEC Project. A minor of tension with concerning to security, poor governance, education. However, in the coming year can express that country of Pakistan will upgrade the economy and flourishing system through CPEC project.

ACKNOWLEDGMENT

Conflicts of Interest: “The authors declare no conflict of interest.”

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