

# THE BELT AND ROAD INITIATIVE (BRI) AND ITS SOCIO-ECONOMIC IMPACT ON SOUTH ASIA (2019–2024), WITH A FOCUS ON PAKISTAN: OPPORTUNITIES AND RISKS

Dr. Dilawar Khan<sup>1</sup>, Dr. Muhammad Zubair<sup>2</sup>, Dr. Asif Salim<sup>\*3</sup>

<sup>1, \*3</sup>Assistant Professor, Department of Political Science, Bacha Khan University Charsadda, KPK

<sup>2</sup>Assistant Professor, Department of Political Science, University of Peshawar

<sup>1</sup>dilawar1983@gmail.com, <sup>2</sup>mzubairzaib@uop.edu.pk, <sup>\*3</sup>drasifsalim@bkuc.edu.pk

Corresponding Author: \*

Dr. Asif Salim

Received	Revised	Accepted	Published
09 September, 2024	09 October, 2024	24 October, 2024	31 October, 2024

## ABSTRACT

The Belt and Road Initiative (BRI), launched by China in 2013, has had profound implications for South Asia, with Pakistan emerging as a key partner through the China-Pakistan Economic Corridor (CPEC). This research explores the socio-economic impact of the BRI in South Asia from 2013 to 2024, focusing particularly on Pakistan. The study examines both the opportunities and risks posed by the BRI, with a specific emphasis on the transformative role of CPEC in infrastructure development, trade, and regional connectivity. The research highlights the economic benefits, including enhanced trade routes, job creation, and improvements in energy and transport sectors. It also addresses the challenges, such as debt dependency, political tensions, and environmental concerns that come with large-scale infrastructure projects. The study further analyzes the regional dynamics, where BRI initiatives have reshaped power relations, particularly in light of India's opposition and concerns over sovereignty. By evaluating the socio-economic impact of these projects, this study provides insights into the broader implications for Pakistan's growth and development, as well as the future of regional cooperation in South Asia. The findings offer policy recommendations for maximizing the benefits of the BRI while mitigating associated risks, aiming for sustainable and inclusive economic growth in the region.

**Keywords:** Belt and Road Initiative (BRI), CPEC, South Asia, socio-economic impact, infrastructure, regional connectivity, economic opportunities, debt dependency, political tensions, sustainable growth

## INTRODUCTION

The Belt and Road Initiative (BRI), launched by China in 2013, is one of the most ambitious infrastructure and economic development projects in modern history. Its main aim is to enhance global trade and stimulate economic growth across Asia, Europe, and Africa by developing trade routes and infrastructure. South Asia, with its strategic location and economic potential, has become a central region in this initiative, particularly through the China-Pakistan Economic Corridor (CPEC), which is considered the flagship project of BRI. CPEC

seeks to connect China's western regions to Pakistan's deep-water ports, providing a new gateway for trade and enhancing regional connectivity. This research investigates the socio-economic impact of BRI on South Asia, focusing primarily on Pakistan from 2013 to 2024. The study explores both the opportunities and risks posed by BRI in Pakistan, examining its economic benefits, such as trade expansion, infrastructure development, and job creation. At the same time, the research highlights the challenges associated with debt dependency,

political tensions, and environmental consequences that have emerged as a result of large-scale infrastructure projects. Understanding the balance between these opportunities and risks is crucial for assessing the long-term sustainability of BRI initiatives in the region (Ali & Wang, 2022).

The BRI's implications for regional geopolitics and power dynamics also warrant attention. While Pakistan stands to benefit economically, the involvement of other South Asian countries, notably India, complicates the overall regional picture. India's opposition to BRI, driven by concerns over sovereignty and strategic influence, has added a layer of complexity to the initiative. This research aims to provide insights into how the BRI is reshaping the socio-economic landscape in South Asia, with a particular focus on Pakistan's role and its future prospects (Sharma, 2021).

### Literature Review

The Belt and Road Initiative (BRI) has attracted significant scholarly attention, especially regarding its socio-economic and geopolitical impact on South Asia. Studies suggest that BRI has created substantial economic opportunities for Pakistan, with the China-Pakistan Economic Corridor (CPEC) being central to this. CPEC is seen as a game-changer for Pakistan's infrastructure, particularly in transportation, energy, and trade. It has been argued that CPEC will serve as a catalyst for Pakistan's economic growth by improving regional connectivity and boosting trade between China, Pakistan, and other neighboring countries. According to Zhang (2020), infrastructure development under CPEC will help alleviate Pakistan's energy crisis and contribute to the creation of jobs, benefiting both the local economy and industries (Nabi & Awan, 2021).

However, the BRI also comes with risks, particularly in the realm of debt sustainability. Some scholars argue that Pakistan's heavy reliance on Chinese loans could lead to significant financial risks. The growing concern is that Pakistan may fall into a debt trap, unable to repay the loans, which could undermine its financial stability and sovereignty (Bari & Wang, 2022). Moreover, environmental concerns have been raised regarding the large-scale infrastructure projects. The potential ecological

damage from these projects, such as deforestation and disruption of local ecosystems, remains a significant challenge. Geopolitically, the BRI's expansion has intensified regional power dynamics. India's opposition to CPEC, due to the involvement of Pakistan-administered Kashmir in the corridor, has been a major point of contention. India perceives the BRI as a strategic maneuver by China to increase its influence in South Asia. The regional tensions surrounding the BRI indicate that the initiative has both economic and political dimensions that cannot be separated (Ali & Wang, 2022).

### The Evolution of BRI in South Asia (2013–2024)

The Belt and Road Initiative (BRI) was officially launched by China in 2013, with the aim of enhancing global trade and promoting regional economic integration. The initiative's expansion into South Asia has been gradual, but it has gained significant momentum over the past decade, particularly after the announcement of the China-Pakistan Economic Corridor (CPEC) in 2015. This flagship project has been a cornerstone of China's presence in the region, intended to link Pakistan's Gwadar Port with China's Xinjiang region, fostering trade routes across land and sea. South Asian countries, including Sri Lanka, Nepal, and Bangladesh, have also engaged with the BRI, focusing on improving infrastructure, energy, and transportation networks. From 2013 to 2024, the BRI's impact on South Asia has evolved, with China establishing bilateral agreements with multiple countries, contributing to infrastructure development in exchange for trade advantages and access to key ports. For Pakistan, CPEC has emerged as a vital project for economic growth, with investments in roads, railways, and energy sectors, all seen as pivotal to Pakistan's development. However, the scope of BRI's influence has been diverse across the region, with countries like India and Bhutan expressing reservations about the BRI, primarily due to concerns over sovereignty and the strategic implications of Chinese involvement in regional infrastructure (Zhao, 2020).

Despite these challenges, the BRI's momentum in South Asia has been fueled by the promise of economic benefits. The initiative has become integral to China's "Global South" diplomacy,

positioning South Asia as a key player in the BRI's global framework. This region's involvement highlights the geopolitical competition between China and other major powers, particularly India, whose opposition to CPEC due to the disputed Kashmir region adds complexity to the BRI's trajectory in the subcontinent. As the BRI enters its second decade, its socio-economic impacts and the strategic alliances formed within South Asia will continue to shape regional dynamics, with significant implications for both economic growth and political relations (Bari & Wang, 2022).

### **CPEC: Pakistan's Key BRI Project**

The China-Pakistan Economic Corridor (CPEC), launched in 2015, is the flagship project of China's Belt and Road Initiative (BRI) and serves as a vital conduit for economic cooperation between China and Pakistan. Spanning over 3,000 kilometers, CPEC aims to connect Pakistan's strategic Gwadar Port to China's Xinjiang region through an extensive network of roads, railways, and pipelines. This initiative is poised to provide significant socio-economic benefits to Pakistan, including enhanced infrastructure, energy security, and economic growth. For China, CPEC is a means to secure access to the Arabian Sea and facilitate more efficient trade routes, while for Pakistan, it offers the potential to unlock new trade routes, reduce transportation costs, and stimulate industrial development. One of the main aspects of CPEC is its emphasis on infrastructure development. A key component of CPEC is the construction of modern roadways, railways, and energy pipelines. The development of Gwadar Port is central to the project, positioning it as a critical trade hub for both China and Pakistan, with the potential to serve as a gateway for trade with the Middle East, Africa, and Europe. The road and rail networks will enhance connectivity not only between Pakistan and China but also across the wider South Asian region, enabling more robust regional trade. This infrastructure development is expected to contribute significantly to Pakistan's economic growth by providing better connectivity, improving logistics, and fostering greater regional integration (Hussain & Zhang, 2020).

The energy sector is another crucial area where CPEC is expected to bring substantial

improvements. Pakistan has long struggled with an energy deficit, and CPEC aims to address this issue through a series of energy projects, particularly in the form of coal, hydroelectric, and solar power plants. These projects are expected to increase Pakistan's power generation capacity, improve energy security, and reduce power shortages that have hindered industrial development and economic growth. The energy infrastructure under CPEC has the potential to boost industrial productivity, support the country's economic growth, and provide a more stable environment for foreign investment. Despite these positive prospects, CPEC faces significant challenges, including concerns about Pakistan's growing debt burden. The financing model for CPEC relies heavily on loans from China, which has raised concerns about the long-term sustainability of these investments. Critics argue that the heavy reliance on Chinese loans may push Pakistan into a debt trap, compromising its sovereignty and economic stability. Additionally, there are security concerns, especially in the restive Balochistan region, where the Gwadar Port and key infrastructure projects are located. The security of these projects has been a major point of contention, with insurgent groups opposing the influx of foreign investment and the perceived marginalization of local communities (Nabi & Awan, 2021).

Moreover, political tensions with neighboring India, particularly over the Kashmir region, have complicated the situation. India has expressed strong opposition to CPEC, as it passes through the disputed territory of Jammu and Kashmir, a region claimed by both India and Pakistan. India perceives CPEC as a violation of its territorial integrity and has voiced concerns about the strategic implications of Chinese involvement in the region. These geopolitical tensions have the potential to affect the progress and success of CPEC, as they could influence regional cooperation and undermine the stability necessary for the initiative's long-term success (Bari, S., & Wang, L. 2022).

### **Economic Opportunities and Benefits of CPEC**

The China-Pakistan Economic Corridor (CPEC), as the flagship project of China's Belt and Road Initiative (BRI), presents Pakistan with a wide range of economic opportunities and benefits that have the potential to significantly transform

the country's economic landscape. CPEC is expected to unlock new avenues for trade, infrastructure development, and job creation, thus contributing to Pakistan's long-term growth and stability. One of the primary economic benefits of CPEC is the improvement of Pakistan's infrastructure, particularly in transportation and energy sectors. The construction of modern roadways, highways, and railways under CPEC will enhance regional connectivity, reducing transportation costs and time, which will be essential for boosting trade. By connecting Pakistan's Gwadar Port to China's Xinjiang region, CPEC provides China with a shorter route to the Arabian Sea, facilitating trade between China and the Middle East, Europe, and Africa. For Pakistan, this improved connectivity is expected to foster greater regional trade, opening access to markets that were previously difficult to reach. As a result, Pakistan's role as a regional transit hub is anticipated to grow, attracting foreign investment and increasing trade volumes (Hussain & Zhang, 2020).

Additionally, the energy sector stands to benefit significantly from CPEC. Pakistan has faced chronic energy shortages, hindering industrial productivity and economic growth. CPEC seeks to address these challenges by investing in various energy projects, including coal, hydroelectric, and solar power plants. These projects are expected to increase Pakistan's power generation capacity by up to 10,000 megawatts, which would not only alleviate power shortages but also improve energy security and reduce reliance on expensive imports. The enhanced energy infrastructure will facilitate industrial growth, enhance competitiveness in global markets, and reduce the cost of production for businesses, leading to an overall improvement in the economic environment. Furthermore, CPEC is expected to lead to job creation and contribute to the development of human capital in Pakistan. Large-scale infrastructure projects like the construction of highways, railways, and power plants will require significant labor input, providing employment opportunities across a range of sectors, including construction, engineering, and logistics. It is estimated that CPEC-related projects could create hundreds of thousands of jobs, offering significant prospects for the Pakistani workforce, particularly in the underdeveloped regions of Balochistan and

Khyber Pakhtunkhwa (KP). In addition to direct job creation, CPEC will also create opportunities in supporting industries, such as hospitality, retail, and services, which will lead to increased income levels and improved living standards (Zhao, 2020).

The development of Gwadar Port is another key economic opportunity provided by CPEC. Gwadar, located in the southwestern region of Pakistan, is poised to become one of the most important deep-water ports in the world, offering access to global trade routes. Once fully operational, Gwadar Port will handle large volumes of cargo, including oil and natural gas, facilitating trade between China, the Middle East, Africa, and Europe. This port will not only boost Pakistan's trade and export capacity but also open new avenues for revenue generation through port operations, shipping services, and logistics. As an international trade hub, Gwadar will attract foreign investment and support the development of associated industries, such as manufacturing, warehousing, and processing, further contributing to Pakistan's economic growth.

Moreover, the improvement in regional trade relations is a significant benefit of CPEC for Pakistan. By enhancing connectivity between Pakistan and China, as well as with other countries in Central Asia and the Middle East, CPEC aims to reduce trade barriers and enhance the flow of goods, services, and investments across the region. This increased trade is expected to help diversify Pakistan's economy, moving it away from a dependence on traditional sectors such as agriculture, and towards more industrialized and diversified economic activities. Moreover, the integration of Pakistan into the larger regional trade network will help stimulate competition, improve the business environment, and foster innovation (Bari & Wang, 2022).

While the economic opportunities from CPEC are vast, the realization of these benefits is contingent on addressing several challenges and risks, including the high debt burden, security concerns, and political instability. The heavy reliance on loans from China to finance CPEC projects has raised concerns about the potential for Pakistan to fall into a debt trap, with long-term financial implications for the country. Additionally, security concerns in the Balochistan region, where Gwadar Port and key



infrastructure projects are located, pose a threat to the successful implementation of these projects. Political instability and resistance from various regional actors, including India's opposition to CPEC due to the involvement of disputed Kashmir, may also hinder the smooth execution of CPEC projects (Sharma, 2021).

### Risks and Challenges of CPEC

The China-Pakistan Economic Corridor (CPEC), while offering significant economic opportunities, also comes with a variety of risks and challenges that could hinder its long-term success. These risks are primarily related to financial sustainability, security concerns, geopolitical tensions, and socio-political challenges. Addressing these challenges will be crucial for Pakistan to fully realize the benefits of CPEC. Pakistan face the following risks:-

1. One of the most significant risks associated with CPEC is the financial sustainability of the initiative. The majority of CPEC projects are funded through loans, primarily from China, raising concerns about Pakistan's growing debt burden. The financing structure of CPEC involves a mix of concessional loans, commercial loans, and direct investments, with the Chinese government and Chinese banks being the primary lenders. While these loans have relatively low interest rates, the accumulated debt could put pressure on Pakistan's fiscal stability. The fear of falling into a debt trap is significant, as Pakistan might struggle to repay these loans if the expected economic growth and returns from CPEC do not materialize as anticipated. Some critics argue that such a heavy reliance on external borrowing could undermine Pakistan's sovereignty and economic independence, leading to long-term financial instability. Moreover, while CPEC is expected to boost Pakistan's economic growth, the financial risks involved could offset the long-term benefits if the investments do not generate sufficient returns to cover the repayment obligations. Additionally, concerns about the mismanagement of funds and the lack of transparency in some CPEC projects further exacerbate these risks (Zhao, 2020).

2. Another critical challenge facing CPEC is the security situation in Pakistan, particularly in regions like Balochistan, where key infrastructure projects, including the Gwadar Port, are located. The region has long been the

site of insurgent activity, with local separatist movements protesting against perceived exploitation by the central government and foreign investors. These security challenges pose a serious threat to the smooth execution of CPEC projects, as both local and foreign workers could face risks of violence and disruption. Attacks on Chinese workers and infrastructure, such as the 2018 attack on the Chinese consulate in Karachi, highlight the vulnerability of the projects to regional instability. In addition to regional instability, Pakistan faces challenges in ensuring the protection of CPEC's infrastructure and workforce. The Pakistani government has allocated substantial resources to secure CPEC projects, including the deployment of specialized military units, but ongoing violence in Balochistan and other areas has made it difficult to ensure complete safety. This security risk can undermine investor confidence, potentially leading to delays and cost overruns in the projects (Bari & Wang, 2022).

3. CPEC also operates within a geopolitical context that brings additional risks. India's opposition to the project is one of the most prominent geopolitical challenges, as India views CPEC as a violation of its territorial integrity. The corridor passes through the disputed region of Gilgit-Baltistan in Pakistan-administered Kashmir, a region claimed by India. As a result, India has repeatedly voiced concerns over the project, arguing that it threatens its strategic interests and sovereignty. India's opposition to CPEC, combined with its broader geopolitical rivalry with China, has led to tensions between the two countries, which could spill over into the development of CPEC. Additionally, the United States and some Western countries have raised concerns about the strategic implications of CPEC, particularly in relation to China's growing influence in the region. There are fears that CPEC could tilt the balance of power in South Asia in favor of China, potentially undermining the influence of the United States and its allies. This geopolitical competition could lead to further challenges for Pakistan, as it navigates relations with global powers while attempting to maintain its position as a strategic partner in the BRI (Sharma, 2021).

4. While CPEC offers significant economic benefits, it has also sparked socio-political challenges, particularly among local populations

in areas where CPEC projects are being implemented. One of the most significant concerns is the displacement of local communities in regions like Balochistan and Khyber Pakhtunkhwa, where large-scale infrastructure projects have led to land acquisitions and the displacement of local populations. In Balochistan, the lack of local involvement in decision-making has led to resentment and protests from the local communities, who feel marginalized and excluded from the economic benefits of CPEC. Another issue is the mismatch between expectations and reality regarding the socio-economic benefits of CPEC. While the initiative promises job creation and infrastructure development, many local populations have not seen significant improvements in their living standards. The limited skill development opportunities and the perception that CPEC projects primarily benefit foreign companies and elites have fueled local discontent. This social unrest could lead to protests and resistance, further complicating the successful implementation of the projects (Nabi & Awan, 2021).

5. The environmental concerns have emerged as a challenge to the long-term sustainability of CPEC. The construction of roads, railways, and energy projects under CPEC could have significant environmental consequences, such as deforestation, loss of biodiversity, and pollution. These environmental impacts could undermine Pakistan's efforts to achieve sustainable development and exacerbate challenges related to climate change. Environmentalists have raised concerns about the lack of adequate environmental impact assessments for some CPEC projects, potentially jeopardizing the country's ecological balance. While CPEC holds great promise for Pakistan's economic growth, it also presents substantial risks and challenges that must be carefully managed. These challenges—ranging from financial sustainability and security concerns to geopolitical tensions and socio-political issues—require a coordinated approach involving sound governance, transparency, and regional cooperation. Addressing these risks will be essential for ensuring that CPEC becomes a successful and sustainable project that

contributes to Pakistan's long-term prosperity (Zhao, 2020).

### **Socio-Economic Impact of CPEC on Pakistan (2013–2024)**

The China-Pakistan Economic Corridor (CPEC) has had a profound socio-economic impact on Pakistan between 2013 and 2024, influencing various aspects of the country's economy, social structure, and political environment. The development of CPEC, with its flagship projects, has contributed to Pakistan's infrastructure, energy sector, and job creation, while also presenting several challenges that need to be managed for long-term success.

1. One of the most significant socio-economic impacts of CPEC on Pakistan has been the development of infrastructure. Major projects, such as the construction of highways, railways, and power plants, have enhanced the country's transportation network and energy infrastructure, which are crucial for economic growth. Improved roads and railways facilitate the movement of goods and people, significantly reducing transportation costs and time. For instance, the Karachi-Lahore Motorway and Gwadar Port are expected to increase Pakistan's capacity for regional trade, connecting it to Central Asia, China, and the Middle East. These improvements are anticipated to transform Pakistan into a vital trade hub for Asia and enhance economic opportunities. In the energy sector, CPEC's power plants, including coal, hydro, and renewable energy sources, have been critical in addressing Pakistan's long-standing energy crisis. By adding thousands of megawatts to the national grid, these projects have reduced load-shedding, improved industrial productivity, and made businesses more competitive. This energy boost is expected to sustain long-term industrial growth, creating a more favorable environment for foreign investment (Nabi & Awan, 2021).

2. CPEC has also led to job creation and economic growth in Pakistan. The large-scale infrastructure projects under CPEC have created significant employment opportunities across various sectors, including construction, energy, transport, and services. The development of Gwadar Port and the associated projects have particularly benefited the local population in Balochistan, though critics argue that the number

of jobs created for locals has been relatively limited compared to the influx of foreign workers and investments. Nevertheless, the employment generated by these projects is expected to have long-term positive effects on the local economy, providing a steady stream of income for the workforce. Moreover, CPEC is expected to enhance industrial development and economic diversification in Pakistan. By improving infrastructure and providing a stable energy supply, CPEC has made Pakistan more attractive for foreign investors, particularly in manufacturing and export industries. As a result, the country has experienced gradual industrialization, with sectors such as textiles, cement, and steel benefiting from improved logistics and energy supply. This industrial growth is expected to reduce Pakistan's reliance on agriculture and diversify its economic base (Zhao, 2020).

3. Despite these benefits, the socio-economic impact of CPEC has also brought to light several regional disparities and socio-political issues. While CPEC's projects in Balochistan and Khyber Pakhtunkhwa (KP) are expected to improve infrastructure, there are concerns about the marginalization of local communities. In Balochistan, for example, there have been protests and resistance from local populations who feel excluded from the benefits of CPEC projects. The region's rich natural resources, including Gwadar Port, have not translated into sufficient economic empowerment for its residents, leading to rising tensions and social unrest. There is also a perception that the central government and foreign investors are benefiting disproportionately from CPEC, while the local population remains underdeveloped. Additionally, the implementation of CPEC projects has triggered political debates in Pakistan. While the ruling parties see CPEC as a critical component of Pakistan's economic future, opposition groups argue that the economic and social benefits are not equally distributed. Political instability and changing government policies may further complicate the execution of CPEC projects, as different political factions vie for control over key projects and benefits. Furthermore, local governments and communities often lack proper consultation and

decision-making authority, which has led to resentment and discontent (Bari & Wang, 2022).

4. CPEC's socio-economic impact has also raised significant environmental concerns. Large-scale infrastructure projects such as roads, power plants, and industrial zones pose risks to Pakistan's fragile ecological balance. The construction of power plants, especially coal-fired plants, has raised concerns about air pollution and environmental degradation. In Balochistan and other rural areas, projects like road construction and mining could result in deforestation, loss of biodiversity, and disruption of local ecosystems. Environmentalists have called for more rigorous environmental impact assessments, as the long-term environmental costs could offset some of the benefits of CPEC in the coming decades. In conclusion, CPEC has had a significant socio-economic impact on Pakistan from 2013 to 2024, creating substantial opportunities in infrastructure development, energy, and job creation. However, the full benefits of CPEC will depend on addressing key challenges related to regional disparities, political instability, and environmental concerns. Ensuring that local populations benefit from the projects, improving governance, and adopting sustainable practices will be essential for maximizing CPEC's long-term socio-economic impact on Pakistan.

### **Regional Dynamics and BRI's Role in South Asia**

The Belt and Road Initiative (BRI), launched by China in 2013, has had a significant impact on the regional dynamics of South Asia, shaping economic, political, and strategic relations among its countries. As China invests in infrastructure and connectivity projects across the region, the BRI is reshaping South Asia's role in the global economy while simultaneously creating opportunities and challenges for regional cooperation and competition.

#### **1. China's Strategic Interests in South Asia**

China's primary objective in South Asia through the BRI is to enhance its economic and strategic influence. The BRI aims to establish infrastructure connectivity by building roads, railways, ports, and energy pipelines, thus boosting trade and investment flows between China and South Asian countries. By enhancing

physical connectivity, China seeks to open new trade routes, particularly through Gwadar Port in Pakistan and Hambantota Port in Sri Lanka. These projects are part of a broader effort to reduce trade barriers, increase regional economic integration, and enhance China's access to critical markets and resources in South Asia. The growing influence of Chinese investments in South Asia not only facilitates economic growth but also expands China's geopolitical footprint in a region that has long been of strategic importance (Hussain & Zhang, 2020).

However, China's growing presence has raised concerns, particularly from India, which views the BRI as a challenge to its influence in South Asia. India has notably opposed the BRI's China-Pakistan Economic Corridor (CPEC), which passes through disputed territory in Kashmir, a region claimed by both India and Pakistan. India's apprehension is rooted in the perception that China's infrastructure investments in Pakistan and other neighboring countries may undermine India's regional supremacy and weaken its traditional influence. This tension illustrates the complexity of regional dynamics, where economic cooperation is intertwined with geopolitical rivalries (Sharma, 2021).

## 2. Economic Opportunities and Regional Integration

For many South Asian countries, the BRI offers significant economic opportunities. Countries such as Pakistan, Sri Lanka, Nepal, and Bangladesh have welcomed Chinese investments, hoping to stimulate economic growth through improved infrastructure and increased trade. CPEC, for instance, is expected to create jobs, improve energy infrastructure, and enhance connectivity within Pakistan and to Central Asia and China. Similarly, Sri Lanka's Hambantota Port, despite controversies surrounding its lease to China, is seen as a gateway for trade with East Asia and Africa. These projects could lead to economic growth and regional integration, allowing South Asia to become a key player in the global supply chain. The promise of increased connectivity and regional cooperation under the BRI is particularly appealing to landlocked countries like Nepal and Afghanistan, which stand to benefit from access to China's vast market and infrastructure.

However, the extent to which these opportunities can be realized depends on the ability of South Asian countries to effectively manage the economic risks associated with BRI projects, such as debt sustainability and the equitable distribution of benefits. Countries like Sri Lanka and Pakistan, which have taken on large amounts of debt to fund BRI-related projects, face challenges in repaying these loans, raising concerns about the long-term economic consequences of the initiative. Additionally, the lack of transparency in some BRI projects has raised concerns over corruption and mismanagement, which could hinder the intended benefits of the initiative for local populations (Bari & Wang, 2022).

## 3. Geopolitical Tensions and Competition

The geopolitical implications of the BRI in South Asia are profound. The region has become a stage for intense geostrategic competition between China, India, and the United States. China's growing presence through the BRI has led to strategic recalibrations among South Asian nations, which must balance their economic ties with China while maintaining security and political relationships with India and the West. In countries like Nepal, Bangladesh, and the Maldives, China's investments have prompted shifts in foreign policy priorities, as these nations increasingly look to China for economic assistance, sometimes at the expense of long-standing relations with India and Western powers. For instance, Nepal's participation in the BRI reflects its desire to enhance connectivity with China, while balancing its reliance on India for trade and security. India's opposition to the BRI, particularly to the CPEC, has resulted in a complex geopolitical situation in South Asia. India perceives the BRI as an effort by China to gain strategic control over key infrastructure in the region, with potential military and political consequences. India's reluctance to engage in the BRI is partly driven by concerns over the expansion of China's influence in its neighborhood, especially in countries like Sri Lanka, Bangladesh, and Nepal, where India has historically held sway. The competition between China and India in South Asia is not only about economic interests but also about asserting regional dominance and shaping the geopolitical order (Sharma, 2021).



#### 4. The Role of BRI in Enhancing Regional Connectivity

The BRI's role in enhancing regional connectivity in South Asia cannot be overstated. By improving infrastructure and reducing barriers to trade, the BRI offers the potential to unlock the region's economic growth and integrate it into global supply chains. This increased connectivity has the potential to facilitate better cooperation on trade, security, and regional development. For example, improved transportation links between China and South Asia could lead to more efficient cross-border trade and reduce costs for businesses, benefiting not just the countries directly involved but also neighboring regions. Additionally, greater connectivity could foster more regional cooperation on issues like climate change, water management, and energy security. However, the success of such initiatives depends on the willingness of South Asian countries to overcome longstanding political and diplomatic tensions, particularly between India and Pakistan. By focusing on shared interests and mutual benefits, South Asia could transform its traditionally fragmented regional dynamics into a more cooperative and integrated economic bloc (Hussain & Zhang, 2020).

The BRI has significantly reshaped the regional dynamics in South Asia, offering both economic opportunities and geopolitical challenges. While the initiative promises enhanced regional integration, trade connectivity, and economic growth, it also raises concerns about debt sustainability, regional security, and political rivalries. The ability of South Asian countries to manage these challenges and cooperate effectively will determine the long-term success of the BRI in the region.

#### The Way Forward: China-Pakistan Economic Corridor (CPEC) and BRI in South Asia

The Belt and Road Initiative (BRI) and the China-Pakistan Economic Corridor (CPEC) present significant opportunities for South Asia's economic growth. However, to fully realize these benefits, there are several crucial areas to address moving forward.

##### 1. Strengthening Regional Cooperation

Regional cooperation is vital for the success of BRI. Countries like India, Pakistan, Nepal, and

Sri Lanka must collaborate on projects that ensure shared benefits. Addressing geopolitical tensions, particularly between China and India, is essential. Initiatives through regional organizations like SAARC could facilitate cooperation and reduce competition.

##### 2. Transparency and Sustainable Development

Sustainability and transparency are crucial for long-term success. Countries involved in BRI should focus on managing debt, ensuring that projects are economically viable and environmentally responsible. Involving local communities in the decision-making process and conducting thorough impact assessments will reduce the risks of corruption and mismanagement.

##### 3. Local Empowerment and Job Creation

Ensuring local employment and skill development is vital for equitable growth. Countries like Pakistan should prioritize local workers and small enterprises in BRI projects to foster long-term economic benefits and reduce reliance on foreign labor.

##### 4. Geopolitical Stability and Strategic Partnerships

Managing geopolitical tensions and strengthening diplomatic efforts is essential. By focusing on economic diplomacy and trade agreements, South Asian countries can balance relations with China and India, fostering peace and economic cooperation (Hussain & Zhang, 2020).

#### Conclusion:

The Belt and Road Initiative (BRI), with the China-Pakistan Economic Corridor (CPEC) as its cornerstone in South Asia, holds immense potential to drive economic transformation and regional integration. However, the path forward requires careful navigation of challenges, particularly those related to geopolitical tensions, debt sustainability, and local empowerment. By prioritizing regional cooperation, transparency, and sustainable development, South Asian countries can mitigate risks while maximizing the economic and social benefits of BRI projects. Strengthening local economies through job creation, skill development, and infrastructure improvement will ensure that the BRI fosters

long-term, inclusive growth. To achieve the full potential of BRI, collaborative diplomacy and strategic partnerships among South Asian nations, including managing the complex dynamics between China and India, are essential. Involving local communities in decision-making processes and ensuring that projects meet environmental and social standards will build trust and prevent adverse outcomes. Ultimately, the success of BRI in South Asia depends on a balanced approach that considers the diverse needs of the region and focuses on shared prosperity. While the BRI offers a transformative opportunity for South Asia, its long-term success hinges on transparent governance, strategic regional partnerships, and a focus on equitable economic growth. By overcoming these challenges, South Asia can unlock its true potential and position itself as a key player in the global economic landscape.

### Findings

1. BRI offers significant economic growth opportunities in South Asia, especially through infrastructure and energy projects like CPEC.
2. Regional cooperation is critical for BRI's success, particularly in managing tensions between India and China.
3. Debt sustainability and financial transparency are essential to avoid potential financial crises from BRI investments.
4. Local empowerment through job creation and skill development ensures the long-term socioeconomic benefits of BRI projects.
5. Geopolitical stability must be maintained to reduce regional tensions and ensure the smooth implementation of BRI projects.

### Recommendations

1. Enhance regional cooperation by fostering dialogue and collaboration among South Asian countries, especially India and China.
2. Focus on sustainable debt management to ensure financial stability and prevent economic overextension from BRI projects.
3. Increase transparency in BRI projects to build trust and ensure long-term economic viability and accountability.

4. Invest in local communities through skill development programs and job creation to ensure inclusive growth.
5. Strengthen diplomatic efforts to maintain geopolitical stability and manage tensions between key regional players like China and India.

### REFERENCES

- Ali, S., & Wang, Y. (2022). The Belt and Road Initiative and its economic impact on South Asia. *Journal of Asian Economics*, 60(1), 45-58.
- Sharma, R. (2021). India's opposition to the Belt and Road Initiative: Geopolitical considerations and regional implications. *South Asian Studies Review*, 29(4), 123-136.
- Zhao, L. (2020). China-Pakistan Economic Corridor: Opportunities and challenges. *Asian Economic Policy Review*, 35(3), 210-225.
- Ali, S., & Wang, Y. (2022). Environmental challenges in the China-Pakistan Economic Corridor: A review of socio-ecological risks. *Environmental Impact Review*, 48(2), 99-112.
- Bari, S., & Wang, L. (2022). Debt sustainability concerns in the China-Pakistan Economic Corridor. *Asian Development Review*, 39(1), 55-69.
- Hussain, S., & Zhang, L. (2020). CPEC's impact on regional trade and infrastructure development. *Asian Economic Journal*, 44(3), 75-90.
- Nabi, M., & Awan, S. (2021). Economic implications of CPEC for Pakistan's development. *Journal of South Asian Economics*, 34(1), 22-34.
- Sharma, R. (2021). India's opposition to the Belt and Road Initiative: Geopolitical considerations and regional implications. *South Asian Studies Review*, 29(4), 123-136.
- Zhang, Z. (2020). The transformative role of CPEC in Pakistan's energy and infrastructure sectors. *Journal of Asian Infrastructure Studies*, 32(2), 67-80.

- South Asian  
to the Belt  
geopolitical  
regional  
Studies

- Hussain, S., & Zhang, L. (2020). CPEC's impact on regional trade and infrastructure development. *Asian Economic Journal*, 44(3), 75-90.
- Sharma, R. (2021). India's opposition to the Belt and Road Initiative: Geopolitical considerations and regional implications. *South Asian Studies Review*, 29(4), 123-136.
- Zhao, L. (2020). China-Pakistan Economic Corridor: Opportunities and challenges. *Asian Economic Policy Review*, 35(3), 210-225.
- Bari, S., & Wang, L. (2022). Debt sustainability concerns in the China-Pakistan Economic Corridor. *Asian Development Review*, 39(1), 55-69.
- Hussain, S., & Zhang, L. (2020). CPEC's impact on regional trade and infrastructure development. *Asian Economic Journal*, 44(3), 75-90.
- Sharma, R. (2021). India's opposition to the Belt and Road Initiative: Geopolitical considerations and regional implications. *South Asian Studies Review*, 29(4), 123-136.
- Zhao, L. (2020). China-Pakistan Economic Corridor: Opportunities and challenges. *Asian Economic Policy Review*, 35(3), 210-225.

