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China-Pakistan Partnership: Reshaping security and Economic dynamic in South Asia

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ABSTRACT

The increased involvement of China in Pakistan has redefined the South Asian strategy and economic environment. Located in the Belt and Road Initiative (BRI) and inaugurated as the Chinese-Pakistan Economic Corridor (CPEC), the project connects the Xinjiang province in China to the Gwadar Port in Pakistan where Islamabad will gain much-needed infrastructure and energy growth and development. The foundation of this partnership is both neorealist and soft-power logic through intersecting economic interdependence and security cooperation to transform the state of affairs in the region. As it has been disclosed in the literature, CPEC empowers the Pakistani economy and benefits the Chinese geopolitical agenda by alleviating its Malacca Dilemma and extending its presence in the Indian Ocean. Meanwhile, it shifts the equilibrium against India, bringing new dimensions of deterrence and crisis management issues to an already nuclearized world. Empirical research points to the benefits of CPEC development and the losses of governance such as the problem of transparency, debt and unequal provincial benefits. Moreover, the position of China in the multilateral forums like the Shanghai Cooperation Organization (SCO) makes it a potential stabilizing factor albeit due to structural rivalries that limit the result of cooperation. Together, the studies point out to the fact that the China-Pakistan relationship can be described as neither strictly economic nor strictly strategic, but as a sort of a hybrid structure in which Beijing and Islamabad seek to achieve security, connectivity and regional influence. This changing relationship is crucial to the measurement of future prospects of strategic stability and economic integration in South Asia.

Keywords: China–Pakistan Economic Corridor, Belt And Road Initiative, South Asia, Strategic Stability, Economic Development, Soft Power, Security Cooperation

Introduction

The changing role of China in the South Asian region has radically transformed the geopolitical, geo-economic, and security processes of the region. As part of the larger Belt and Road Initiative (BRI) of Beijing and conceptually connected to the Chinese Dream, the participation of the country in South Asia, specifically the China-Pakistan Economic



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Corridor (CPEC) has become the hallmark of twentieth-century Asian geopolitics. One project of the BRI is the CPEC that links Gwadar Port in Pakistan with the Xinjiang province of China and provides a strategic route to the Arabian Sea. This passage has profound security implications to the regional security architecture beyond the economic value it offers, especially in the relationship between India and Pakistan and the overall balance of power in South Asia (Nizamani, 2018). When China keeps increasing its soft and hard power potential in South Asia, one might wonder the effects of these interactions on the cooperation between regional actors, their competitive rivalry in the security arena, and the stability of the strategies (Qais, Aziz, and Fazil, 2023; Faheem, 2024).

China's Strategic Vision and Regional Ambitions

The historical ground of the Chinese foreign policy in South Asia is the search of strategic independence and peaceful emergence by connecting the economies and regionalization. The Chinese Dream under the leadership of President Xi Jinping has been implemented via the BRI, which is a multi-trillion-dollar project aimed at increasing global connectivity through land and sea transportation pathways (Nizamani, 2018). Infrastructure, trade and financial investments within South Asia are some of the indicators of the economic growth of China which tries to gain influence of the geopolitical balance and access to the trade routes and the energy routes which are key to trade. Asian Infrastructure Investment Bank (AIIB) and Silk Road Fund are the tools of economic diplomacy which expand the influence of Beijing to Asia, Europe, and Africa.

The discussion of one of the six BRI corridors used by China, CPEC, is an illustration of China dual approach of geo-economics and security. It is not only meant to boost the infrastructure, energy, and industrial capability in Pakistan, but also to protect the western frontiers of China and also to address the vulnerability of its maritime supply chains in the Strait of Malacca, its Malacca Dilemma. To Pakistan, CPEC is a prospect to solve the long-term economic issues, multiply its power resources, and fit in the world trade systems. However, to India and other regional players, this project is seen as a measure by China to establish its roots in South Asia and hence change the regional weight of power (Faheem, 2024).

Economic Engagement and Soft Power Diplomacy

The Chinese interest in South Asia is going beyond the classical geopolitics to the realm of soft power. Qais et al. (2023) state that the application of soft power, which is based on the cultural norms of the concept of attraction developed by Joseph Nye, has become the key instrument of the Chinese foreign policy. China facilitates the spread of its culture and creates goodwill among the South Asian countries through the assistance of cultural exchange programs such as the Confucius Institutes, cultural exchange, and educational scholarships. Beijing has used trade, investment, and development financing as the tools to enhance the interdependence and the political alignment in its favor as far as economics is concerned. As an example, the rising Chinese exports and free trade talks throughout the South Asian region can demonstrate the way economic cooperation can convert to political power.

Nevertheless, there are some challenges to the soft power approach of China. Opponents claim that, in addition to enhancing connectivity, its massive investments in infrastructure have created the dependency of debt, making smaller South Asian countries less economically independent. This is of particular concern in the countries like Sri Lanka where the possibility of signing a lease on Hambantota Port to China over a period of 99 years has been seen as a sign of the so-called debt-trap diplomacy. Notwithstanding these



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controversies, the economic interaction of China to South Asian states is still appealing to most of the states in the region seeking other economic development models than the western models of aid. Qais et al. (2023) will point out that the economic statecraft in Beijing has made it to be an effective developmental partner and strategic power in the ability to repurpose the regional order.

Pakistan-China Strategic and Security Partnership

The fundamental element of the South Asian policy of China is its long term strategic alliance with Pakistan. The Pakistan-China relationship, which started in the early fifties, has developed into a complex relationship which entails defense relations, intelligence sharing, nuclear cooperation, and economic integration (Faheem, 2024). The two states have a security cooperation that is based on a common need to even the regional supremacy of India and to protect common strategic interests. China has over the decades provided Pakistan with hi-tech military equipment, missile technology and technology support thus greatly boosting the defense of Pakistan. Faheem (2024) notes that this partnership is supported by the offensive realism approach to international relations where states are maximizing their power and security in order to survive in an anarchic world.

The Chinese aid to Pakistan is also in the diplomatic field. Beijing has always championed the case of Pakistan in the world forums, especially on the Kashmir issue and the war on terror in the region. An institutional framework of mutual defence and deterrence has been established through a series of high-level strategic dialogs, joint military exercises and intelligence collaboration between the two countries. CPEC also enhances this partnership with an economic and strategic advantage in that it gives China a point of entry to the Arabian Sea, allowing Pakistan to diversify their strategic and energy paths (Nizamani, 2018). This corridor is therefore a project of development and a tool of security in the changing South Asian power formula.

Strategic Stability and Regional Implications

The overlapping of the Chinese economic interest and the Pakistani security nexus with Beijing has some major consequences to the strategic stability of South Asia. According to Nizamani (2018), the deterrence, crisis management, and military capabilities are the three factors of strategic stability in the region, as the balance of military capabilities between nuclear-armed India and Pakistan. The Cold Start Doctrine (CSD) initiated by India and its expenditure on ballistic missile defense infrastructures have caused the realization of fear that deterrence stability may be undermined in Islamabad and Beijing. To this, Pakistan has incorporated a Full Spectrum Deterrence (FSD) doctrine, which implies that it is ready to deploy nuclear arms in the extreme scenarios. CPEC is also a key Chinese investment that makes this dynamic more complicated- this may be discouraging India to develop aggressive policies that could jeopardize Chinese assets in Pakistan.

The growing economic and security presence of China in South Asia also makes China a crisis manager in the regional conflict. Its presence in the Shanghai Cooperation Organization (SCO) together with India and Pakistan entitles it to dialogue, lessening of military tensions, and promoting of collaborative security structures. SCO Charter also focuses on non-interference, non-aggressiveness and peaceful settlement of disputes, which is the way China prefers to be. However, the legitimacy of these norms is not clear, as there has been historical animosity between India and Pakistan and constant rivalry over who is leading the region.

China's Influence on South Asian Regional Dynamics



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The emergence of Beijing as a regional power has also forced the states of South Asia to revise their foreign policies. Other countries such as Nepal, Bangladesh, and Sri Lanka have welcomed Chinese investment without being too close to India or the United States. The role of China in Indian Ocean which can be termed as the String of Pearls strategy is the building of a system of ports and logistical bases between Southeast Asia and East Africa. The policy has created panic in New Delhi which views it as an encirclement or maritime containment. On the other hand, to smaller South Asian countries, the involvement of China presents a chance at diversifying relationships, in addition to providing access to infrastructure financing that India and Western institutions have failed to do.

Though with the economic promise, there are several challenges to the regional integration activities in China. South Asia has a lack of governance, political turmoil, and climate susceptibility, which pose a risk to the sustainability of such big-scale project as CPEC. Besides, the opposition to transparency, provincial fairness and environmental issues in Pakistan has at times posed a strain on the execution of the CPEC projects. In the example of India, the issue of strategic distrust of China due to the conflict of interests over the borders and the competition over the influence in the region remains a barrier to the possibilities of multilateral collaboration within the context of the SCO or BRI (Qais et al., 2023).

The origins and development of CPEC

China-Pakistan Economic Corridor (CPEC) is among the most radical and grandiose projects between China and Pakistan, which is designed to connect Xinjiang province in China and Gwadar Port in Pakistan in Balochistan. CPEC is a multi-billion-dollar infrastructure project launched by the Chinese as a part of the Belt and Road Program (BRI), but this initiative helps to improve connectivity and economic development in Asia, Africa, and Europe. CPEC is an important element of the overall Chinese initiative to establish a more integrated system of the global economy, and it lies at the heart of the change of the economic and geopolitical environment in South Asia.

The history of CPEC can be traced to the increasing demand of Pakistan in the enhancement of the infrastructure and energy resources, and the willingness of China to improve its relations with its neighbor in order to reach the new markets and increase the connectivity. The corridor would simplify the movement of goods, services, and energy by using roadways, railways, pipelines, energy projects, and so on, and, in this way, would increase the strategic and economic significance of Pakistan. Gwadar Port on the Arabian Sea will become a strategic transit centre in the energy shipments and trading business and it will make China less dependent on the Strait of Malacca and will enable it to access the key shipping routes.

CPEC is a set of projects, aimed at the improvement of transportation infrastructure of Pakistan and the increase of energy production capacity and industrialization. The project also involves the development of special economic zones (SEZs) in different parts of Pakistan, which should help in ensuring foreign investments and encouraging the local economy to develop. CPEC long term objective entails making Pakistan a regional trade and economic hub that will gain both Pakistan and China both in terms of trade, energy security as well as industrial development.

Economic Cooperation and Trade Relations.

The Chinese influence in the economy of Pakistan has been greatly enhanced with the introduction of CPEC. The alliance has paved way to trade and investment with China being the largest trading partner of Pakistan. CPEC is also instrumental in fostering trade



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between the two countries by increasing the connectivity of infrastructure and also minimizing the costs of transportation and making the passage of goods and services easier.

One of the most important issues of CPEC is energy cooperation. Chronic shortages have been a menace in the energy sector in Pakistan and this has stifled industrial production and growth of economies. CPEC also seeks to solve these problems by building energy facilities especially as coal-fired power plants, hydroelectric power stations, and solar energy projects. Some of the notable projects include the Sahiwal Coal Power Plant, Karot Hydropower Project and the Gwadar LNG Terminal. It is projected that these projects will give a much needed impetus to the energy infrastructure in Pakistan which will guarantee supply of electricity to both industries and domestic consumption.

Also, development of Special Economic Zones (SEZs) as part of CPEC should stimulate industrial development in Pakistan. They are areas that are meant to offer good business environments, such as tax incentives and infrastructural facilities, to encourage local and foreign investments. It is also likely that the SEZs will lead to the diversification of the economy in Pakistan in the form of industries like textiles, manufacturing and information technology as the ripple effect of the same will be seen in terms of employment and income generation.

In addition, CPEC has made available Chinese funds to Pakistan. China has put in large investments through the provision of loans and grants to build infrastructure and energy development. It is hoped that such investments will create jobs, enhance infrastructure and ease trade between China and Pakistan as well as Central Asia.

Sectoral Impacts of CPEC

CPEC can spark off the growth in a number of major sectors of the Pakistani economy. Infrastructure and transportation industry is the one that is going to be benefited the most and a giant redevelopment of roadways, railways and ports will be seen. The highways like the Peshawar- Karachi Motorway and the Lahore- Karachi railway system are set to enhance customer connectivity among the urban centers, ease the movement of goods and lower the cost of transportation to the business. This will make Pakistan more appealing as an investment destination and will also promote trade with the neighboring nations, in this case, China, Central Asia and the Middle East.

CPEC projects will have a positive impact on the energy industry. Pakistan has been experiencing a serious energy crisis, which is marked by frequent power outages in which the industry suffers and affects life in general. China has under CPEC promised to invest in the generation of energy projects which will introduce much-needed capacity into the national grid of Pakistan. It involves the coal, hydro, and solar power projects which will diversify the energy mix of Pakistan and will eliminate the foreign fuel reliance.

Economic Integration problems.

Although it has potential, CPEC is experiencing a number of challenges that might slow down its complete integration in economics. Among the greatest challenges is making sure that the project has a financial sustainability. The increasingly massive foreign debt of Pakistan coupled with the fear that CPEC is unsustainably economically viable has been a cause of concern to both local and international opponents. These loans and grants that are availed by China usually come in the form of concessional loans with heavy repayment conditions attached to them. In case these investments fail to bring the expected economic returns, they might push Pakistan into a debt crisis, which would worsen an already poor fiscal standing.



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Political unrest in Pakistan is also a threat to the success of CPEC. Pakistan has had a crisis-ridden political environment whereby there have been many changes of government and change of policies. This instability has also rendered the policy implementation process to lack long term consistency, which is a prerequisite to successful implementation of large infrastructure projects. Besides, the system of political patronage has also affected the allocation of benefits of CPEC and there have been claims of corruption and ineffectiveness in the implementation of projects.

Another challenge entails security issues especially in Balochistan where the CPEC projects are concentrated. This province has been plagued by insurgents and the safety of employees and infrastructure has always been and continues to be a cause of worry. The Pakistani government and China have realized the importance of such security measures so as to ensure that CPEC projects are safe although the safety of all the stakeholders remains a major issue.

It also has environmental issues. The high scale infrastructure projects like CPEC can cause far reaching effects on the local ecosystems, especially in the environmentally sensitive regions. Environmental impact studies done on some CPEC projects have brought up the issues of deforestation, soil erosion, and water consumption especially in the case of energy projects like coal-fired power plants. This is one of the issues that will challenge Pakistan and China in the near future in terms of balancing between economic growth and environmental sustainability.

Regional Economic Dynamics Implication.

CPEC will transform the nature of economic activities in South Asia and it has certain effects on trade, investment and economic integration. The better infrastructure and power supply in Pakistan would help it be an important transit center in trade between China, Central Asia, and Middle East. The opening of trade routes and establishment of new industrial centers will not just impact positively on the Pakistani economy but there will be a ripple effect on the entire regional economies.

Central Asia, being a landlocked area, will benefit a lot due to CPEC. With the enhancement of access to the Arabian Sea by the Gwadar Port, the Central Asian nations will have the chance to ship their products more effectively, eliminating the route through Russia, or the Caspian Sea. This will assist in penetrating Central Asia into the international markets and enhancing their economic development. Regional economic cooperation and development will be achieved due to the possibility of more trade and investment in these areas.

Defence Contracts and Military Cooperation

The China-Pakistan relationship is much more than just economic cooperation, although much interest is paid to the defense and strategic cooperation. This part of the relationship has its basis in the similarity in the security interest of the two countries especially in the military capability and influence of India in the region. China and Pakistan have strengthened their defense alliance in the present time since the 1960s and still remains important in determining the regional security politics in South Asia.

Military relations between China and Pakistan started in the early stages of the relations as China offered Pakistan military aid, such as weapons and military equipment. This partnership proved to be of great importance especially in the 1965 and 1971 wars that China fought alongside Pakistan by providing diplomatic and military assistance. With time, this collaboration developed into wider strategic alliance whereby both nations



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conducted mutual military drills, exchange of military technology and production of war machinery, including fighter jets, missiles and nuclear technology.

One of the most significant features of the defense cooperation between China and Pakistan has been its help with the nuclear program of Pakistan. During 1980s, China was of great help to the nuclear program of Pakistan, as it helped Pakistan to develop a plausible nuclear deterrent towards India. The long-term consequences of this cooperation on the regional security have circulated widely especially with both nations now possessing nuclear weapons and this has dramatically changed the power dynamics in South Asia (Fair, 2020).

The Partnership has an effect on the South Asian Security that is as follows:

These increasing military ties between China and Pakistan have great implications to the security of South Asia. India that considered Pakistan to be its greatest security threat sees the China- Pakistan military alliance to be a direct threat to its interests. The growing defence power of Pakistan which is strengthened with the military support of China has become an issue of concern to India especially in regard to the nuclear deterrent mechanism as well as the missile defence mechanisms.

The development of strategic deterrence is likely one of the most important features in the relationship between China and Pakistan as far as their defense is concerned. The nuclear capability of Pakistan with the assistance of the Chinese technology is viewed as necessary to keep the balance of power in South Asia. The increasing military power of India especially with regard to its sophisticated missile and defense system is causing Pakistan to increasingly have to depend on its nuclear deterrent. What has been achieved is the state of nuclear rivalry, whereby the two states have the nuclear arsenals, and the balance of power is kept at the level of deterrence.

In addition, the alliance between China and Pakistan military makes the security relations of the region more complex especially between India and Pakistan. India perceives the close defense relations between China and Pakistan as strategic convergence that may increase the possibility of a military conflict, especially in Kashmir, which has been one of the issues of contention between India and Pakistan. The rising number of Chinese military personnel in Pakistan, especially in the highly sensitive regions like Gilgit-Baltistan, only contributes to the Indian fears of the rising Chinese influence in the region (Mackenzie, 2019).

Central Asia Strategic Security Objectives.

The implications of China-Pakistan relationship extend beyond South Asia to Central Asia where this relationship has important strategic implications. The interest of China in Central Asia has been increasing over the recent years, as the state tries to gain access to the energy resources, routes of trade, and even to enhance its geopolitical authority in Central Asia. Pakistan features prominently in the plan of China, as it is a way of Chinese access to Central Asia through CPEC and Gwadar Port.

By CPEC China has improved its connectivity with Central Asia which is important in achieving energy supplies and trade routes. Central Asia is endowed with natural resources especially oil and gas and China is eager to gain access to these resources so as to fuel its burgeoning economy. Pakistan is also a significant ally in the wider regional approach of China, in terms of the geographical positioning of the country as a route to Chinese items and power.

Problem Statement

South Asia is traditionally a region of established political rivalry, economic inequalities, and regional ambitions. This is a multilayered environment in which the increasing



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involvement of China, especially the Belt and Road Initiative (BRI) and its marquee project, the China-Pakistan Economic Corridor (CPEC) has changed the strategic and economic map of the region. Although CPEC is being touted as a game-changer that would help to improve connectivity, boost trade, and create growth in Pakistan, it has created concerns in terms of debt dependency, transparency, and imbalance in geopolitics.

Although there is a lot of academic focus, the two-fold influence of the China-Pakistan relationship; its economic prospects and its security ramifications is not well-explained in its holistic view. In the majority of the current literature, the economical aspect is highlighted, i.e. infrastructure and movements of investments, or the strategic one is considered separately, i.e. the regional ambitions of China and the conflict between India and Pakistan. This therefore creates a gap in the research on how the economic engagement of China is at the same time altering the security and economic processes in South Asia.

Moreover, there has been little empirical research done to evaluate the role of CPEC in influencing regional power distribution, power stability and influence balance of the South Asian states. Lack of unified frameworks that incorporate neorealist and soft-power views prevents the policymakers to foresee long-term strategic implications. Hence, the research paper aims to address this gap by examining how China-Pakistan relationship has many-sided effect on the geopolitical balance of South Asia, strategic stability, as well as regional interdependence.

The study, therefore, answers the following question: How does the changing China-Pakistan relationship, both economically and in the security scope, reshape the South Asian strategic and economic relationship?

Research Methodology

Research Design

This paper embraces a qualitative descriptive research design which will be backed by a documentary analysis method. Since the problem of inquiry is geopolitical and macroeconomic, a qualitative framework would allow interpreting the complexities of interaction between political, strategic, and economic variables in depth. The paper relies on the existing academic sources, policy reports, and official documents to create a comprehensive account of Chinese-Pakistan cooperation and the implications of the issue regionally.

Data Sources

This research relies on both secondary and primary documentary sources of data.

The primary sources can be viewed as official reports, policy papers and statements by the government agencies in China and Pakistan, the Shanghai Cooperation Organization (SCO) and the regional think tanks like the Institute of Strategic Studies Islamabad (ISSI) and the Islamabad Policy Research Institute (IPRI).

Peer-reviewed journal articles, academic books, newspaper reviews, and research studies (e.g., Nizamani, 2018; Qais, Aziz, and Fazil, 2023; Faheem, 2024) are the types of secondary sources that offer a conceptual and empirical background.

Data Collection and Analysis

The systematic review and synthesis of literature published between 2010 and 2025 will compose the data collection procedure. The data are categorized using thematic analysis into major themes that are the economic interdependence, soft power diplomacy, security cooperation, regional stability, and governance challenges. The study is an interpretivistic



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overview of the way the perceptions of the actors and their strategic motivation influence the results.

There is a use of a triangulation method - cross verification of the evidence of various sources to ascertain validity and reduce biases of a researcher. In this way, it is possible to compare academic, governmental, and media opinions on CPEC and China-Pakistan cooperation.

Theoretical Framework

The Neorealism and Soft Power Theory has been incorporated into the study as guiding theories. The neorealism theory describes the behavior of the states by their power maximization and security needs, and the soft power theory describes the ability of the attraction and persuasion of other states by the use of economic and cultural interactions. These views taken together give the two-sidedness of China-Pakistan relations, in which strategic necessity supports economic diplomacy and vice versa.

Scope and Limitations

The analysis is focused on the timeframe between 2015 (the official beginning of CPEC) through 2025 that encompasses major political, economic, and strategic impacts. Although the study does give a conceptual and qualitative insight, there is the absence of quantitative data and statistical test. Subsequent research might be useful to expand upon this research by using either econometric or policy-impact analysis to quantify the outcomes of CPEC in a more accurate manner.

Literature Review

The increased economic and strategic presence of China in South Asia, the apogee of which is the Belt and Road Initiative (BRI) and its headpiece China-Pakistan Economic Corridor (CPEC), has spawned a thriving academic discussion on the question of its economic advantages, its impacts on security, and its influence on regional stability (Nizamani, 2018; Qais, Aziz, and Fazil, 2023; Faheem, 2024). Meanwhile, historical India-Pakistan antagonism, changing nuclear strategies (e.g., Full Spectrum Deterrence by Pakistan), Indian limited-war strategy (Cold Start) as well as technological developments, especially, ballistic missile defence (BMD), make it harder to evaluate how CPEC and China-Pakistan co-operation are changing the dynamics of deterrence and crisis in South Asia. The literature review summarizes the key themes of the literature on the subject: (1) economic/developmental literature on CPEC/BRI, (2) how China uses economic statecraft and soft power, (3) China-Pakistan security cooperation and the way it impacts the India-Pakistan balance, (4) nuclear doctrines, crisis stability and force posture issues, (5) regional institutions (e.g., SCO), and issues of governance, domestic politics, and implementation risks. The review identifies areas of consensus, divergent interpretations and gaps that need to be addressed in future research.

The promise, evidence and critique of CPEC and Economic Development

One of the extensive literature is the developmental potential of CPEC to both Pakistan and the strategic importance of CPEC to China. Nizamani (2018) puts the CPEC in the context of an economic corridor and a strategic tool that not only enhances Chinese availability to the Arabian Sea but also offers infrastructure, energy, and industrial growth to Pakistan. Empirical analyses have discovered that CPEC investments can enhance transport accessibility, energy provision, and the local economic performance especially by developing roads, rails, and SEZs (Li, 2021). Since the projects began operation, it can



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be seen that in the short term, there are quantifiable benefits in terms of increased transport capacity and energy generation in Pakistan, although the distributional effects over the long term are controversial (Li, 2021; Mahmood, 2023).

Critics focus on sustainability of debts, transparency and lack of power imbalance in negotiations. The so-called debt-trap diplomacy story on popular in the literature of policy-making holds that Chinese over lending will result in dependency and strategic position (e.g. the Hambantota case in Sri Lanka). Academic reviews of the image see it as more subtle: risks of debt diversification are project specific, host-country specific, and contract specific; not all are caused by effective borrowing management, but by a consistent intentioned Chinese policy (Himmer, 2022). However, the issue of contingent liabilities and fiscal exposure will always be at the center of determining the sustainability of BRI/CPEC.

Qais et al. (2023) emphasize that Chinese economic activity is executed with various tools (trade, investment, infrastructure financing, and institutional creation such as the AIIB), which enhances the presence of Beijing in South Asia and provides alternatives to Western financing approaches to development is offered. However, they also warn that governance capacity, political contestation as well as environmental risks influence the net payoff of development. This two-sidedness, the major opportunities being moderated by the rules and financial risks, is the feature of the modern literature about CPEC/BRI.

The Economic Statecraft and Soft Power of China

In addition to infrastructural elements, researchers examine China by using economic statecraft and soft power in South Asia (Qais et al., 2023). The soft-power concept by Joseph Nye is still at the heart of it: China employs cultural diplomacy (Confucius Institutes, scholarships), economic (loans, investment) and institutional (AIIB) carrots to influence preferences and affect policy decisions (Nye, 1990; Qais et al., 2023). Research results indicate that cultural outreach has delivered relatively small benefits, but economic incentives are much more decisive to small and medium South Asian states that seek to spur faster growth (Qais et al., 2023).

Contestation is also observed by the scholars: the Western actors and certain recipient countries have become suspicious of the Chinese operations of influence, casting doubt on transparency and political conditionality. The combined nature of public opinion, particularly following major debt or governance scandals, is challenging to observe, which indicates that reputational consequences are not necessarily accumulative: conspicuous governance results and sense of justice (Fang, 2019; DeLisle, 2020).

China-Pakistan Security Cooperation: Intimacy, Tools, and Calculus

An extensive body of literature is available on the close and enduring China Pakistan strategic partnership, which has been historically based on political confidence, military collaboration, and increased economic integration surrounding CPEC (Faheem, 2024). Researchers highlight several aspects: transfer of arms and bilateral production, sharing intelligence and cooperating in counterterrorism, high-level diplomatic support (including in Kashmir), and enhancing interoperability based on exercises and transfers of defense technology (Faheem, 2024).

Recent commentaries indicate that securitization of BRI projects might be more likely - Beijing categorizes the protection of its foreign investments as a national security issue, and heightens military and paramilitary involvement in the host countries (e.g. protection of CPEC projects). According to policy reporting and academic assessment, there is the tendency towards providing more security around BRI nodes, although Beijing publicly



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stresses its neutrality and non-interference (Axios reporting; Nizamani, 2018). The introduction of this security overlay makes the regional perceptions more complex: to Pakistan the Chinese security presence is stabilizing and protecting investment and to India the encircling and enhanced Chinese access to the Indian Ocean is alarming.

Nuclear Doctrines, Crisis Stability and Strikes in the Military

Literature regarding strategic stability in South Asia dwells much on nuclear doctrines, escalation and technological change. The main developments in the doctrines are the Cold Start concept of India (the doctrine of fast conventional strikes at Pakistan) and the Full Spectrum Deterrence (FSD) doctrine of Pakistan (not to give India an opportunity to develop limited conflict plans) (Ladwig, 2008; Pakistan NCA statements and analyses of doctrines). Critically, scholars such as Ladwig (2007/2008) have examined the viability of the operations of Cold Start and how it can compress the schedule of escalation, therefore, making the crisis stability more difficult. The shift of Pakistan to tactical nuclear weapons and an FSD stance is very likely seen as a reaction to conventional coercion (Zafar Khan; Jaspal).

Technology is also a concern: Indian investment in BMD is evaluated as potentially destabilizing as it can initiate the dynamics of arms race and make it hard to predict the messages in times of crisis (Jaspal, NDU analysis). Researchers warn that BMD puts gray clouds in the mind of adversaries on survivability, and could encourage preemption or posture realignment (Jaspal, 2011). ndu.edu.pk.

According to Nizamani (2018) and Faheem (2024), CPEC and deep China-pakistan relations change the calculus of crises: Chinese interests in Pakistan can bring a new external stabilizer (or actor) in India-pakistan crises. The literature argues that the intervention of Chinese serves to improve the management of the crisis with the back-channel diplomacy and SCO mechanism or serves to increase stakes by making Chinese assets related to Pakistani vulnerability, which may increase conflict risk. The existing empirical data is inconsistent and fact-specific; researchers demand the analysis of scenarios but not generalizations.

Regional Institutions and Crisis Management: SCO and Multilateral Frameworks

The Shanghai Cooperation Organization (SCO) emerges in the literature as an institutional forum that could facilitate dialogue and reduce escalation. Nizamani (2018) highlights that India and Pakistan's admission to SCO (2017) places them in a multilateral setting that emphasizes non-aggression and cooperation. Scholarship on the SCO underscores its potential to offer normative restraints (e.g., Article 2 provisions) and crisis communication channels, but also notes limits: the SCO lacks strong enforcement mechanisms and is dominated by major powers' strategic calculations (Khan, 2021). As such, its capacity to manage high-intensity India-Pakistan crises is constrained, though it may support confidence-building on lower-intensity issues.

Governance, Local Politics, and Implementation Risks

Multiple studies emphasize that domestic political economy and subnational politics shape how CPEC and related projects translate into outcomes (Qais et al., 2023; Mahmood, 2023). Distributional conflicts (e.g., concerns about provincial equity in Pakistan), transparency deficits, environmental assessments, and community displacement can slow projects and inflame political opposition. The literature points to the critical role of institutional capacity—procurement, regulatory oversight, and public communication—in determining whether large infrastructure investments yield long-term social and economic



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benefits. Implementation risks thus act as a moderating variable between project financing and desired development outcomes.

Synthesis: Competing Frames and Persistent Gaps

Across the literature, two competing interpretive frames recur. The first sees CPEC/BRI and China–Pakistan cooperation primarily as engines of development and regional connectivity that, if well-managed, bolster economic growth and can act as stabilizing influences by raising the costs of interstate conflict (Li, 2021; Nizamani, 2018). The second presents CPEC/BRI as instruments of strategic influence that can generate dependency, geopolitical rivalry (notably Indian concerns), and securitization of economic spaces, thereby complicating crisis dynamics (Himmer, 2022; policy reporting). Both frames are supported by empirical cases; the reality is likely conjunctural—dependent on project design, governance, host-state agency, and geopolitical context.

Important gaps remain. Empirical causal evidence linking CPEC investments directly to altered crisis behaviour or deterrence outcomes is limited; most work is theoretical or based on case extrapolation. There is also scant systematic subnational analysis on how local socio-economic outcomes (jobs, land rights, environmental effects) feed back into national political trajectories that shape foreign-policy choices. Finally, while some literature addresses the securitization of BRI nodes, few studies systematically model how external actors (India, U.S., Russia) respond over time to changing Chinese presence in South Asia.

Question 1

Shanghai Cooperation Organization (SCO) stands out in the literature as a potential institutional platform that might help to keep down the temperature and allow the parties to discuss the matter. As Nizamani (2018) emphasizes, India and Pakistan became members of SCO (2017), thus finding themselves in a multilateral environment, where diplomats are encouraged to be non-aggressive and cooperative. The SCO scholarship emphasizes that it can provide normative restraints (e.g., Article 2 provisions) and avenues of crisis communication, however, it is also characterized by limitations: the SCO does not have powerful enforcement mechanisms, and major powers are driven by strategic calculations (Khan, 2021). In this regard, its ability to handle high-intensity India-Pakistan crises is limited, yet it can help to build confidence on low-intensity problems.

Governance, Local politics and Implementation risks

Various studies underline the importance of domestic political economy and subnational politics in influencing the way CPEC and other projects relating to it turn out to be (Qais et al., 2023; Mahmood, 2023). Distributional disputes (e.g., provincial fairness in Pakistan), lack of transparency, environmental impact evaluation, and displacement of a community can delay projects and make the political opposition rave. The literature identifies the importance of the institutional capacity, including institutional procurement, regulatory supervision, and citizen communication, in deciding whether big infrastructure projects will produce long-term social and economic impacts. Implementation risks are, therefore, a moderating variable between project financing and development outcomes that would be desired.

Synthesis: Competing Frames and Persistent Gaps

Two frames of interpretations are competing throughout the literature. The former discusses CPEC/BRI and China-Pakistan relations as the major drivers of economic growth and regional connectivity that, when managed properly, can support the economic



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growth and play the role of stabilizing factors by increasing the costs of interstate conflict (Li, 2021; Nizamani, 2018). The second introduces CPEC/BRI as tools of strategic power that would be used to create dependency, geopolitical competition (especially Indian anxieties), and the securitization of economic spaces, thus making the dynamics of crises complicated (Himmer, 2022; policy reporting). Both frames have an empirical basis; the fact must be conjunctural--it is pegged on the design of a project, its governance, on the host-state agency, and on the geopolitical situation.

Important gaps remain. There is no empirical causal information to directly attribute CPEC investments to the changed crisis behaviour or deterrence behaviour and most of the work is mainly theoretical or case extrapolation. There is also limited systematic subnational discussion on the way in which local socio-economic performance (jobs, land rights, environmental impacts) are fed back to national politics that influence the decision-making of foreign policies. Lastly, although the securitization of BRI nodes has also been discussed by some literature, there are still not many studies that model systematically how the external actors (India, U.S., Russia) will react over time to the variation in Chinese presence in South Asia.

The China-Pakistan Economic Corridor (CPEC), a high profile project of China Belt and Road Initiative (BRI) is a gigantic project having wide implications that extend way beyond bilateral cooperation in economic terms. It is a geo-economic and geostrategic turning point in the South Asian region that essentially impacts the strategic stability of the region and changes the balance of power in the area, in the case of the Pakistani security relations. The two-sided character of CPEC as an economic development engine and a strategic artery has made it a focal point of competing between the region and the great powers.

I. CPEC: A Boost to Strategic Change

The multi-billion-dollar corridor is a linkage between the Xinjiang province in China and the Gwadar Port of the Arabian Sea in Pakistan that consists of a complex of infrastructural projects, energy projects, and Special Economic Zones. To Pakistan, it is being billed as a game-changer that is going to not only relieve the economic hardships but also modernize the infrastructure, as well as increase the level of regional connectivity and in the process turn its traditional geostrategic center to a geo-economic one. In the case of China, CPEC is an invaluable, reduced, and safer overland option to conduct trade and energy supplies, and reduce dependence on the unstable sea routes via the Strait of Malacca, a strategic weakness that is sometimes referred to as the Malacca Dilemma (Chatzky & McBride, 2020; Javaid, 2016).

Such enhancement of the China-Pakistan all-weather strategic cooperative partnership under the name of CPEC is a serious external variable in the historically inflexible security system in South Asia.

II. Influence on the Balance of Power in South Asia

The greatest effect of CPEC is the perceived change in the regional balance of power, which is mainly brought by the security dilemma that it worsens between the nuclear-armed opponents, India, and Pakistan.

A. Enhanced China-Pakistan Strategic Axis

CPEC strengthens the strategic partnership between Islamabad and Beijing in a great way. Economic and Strategic Depth to Pakistan: Huge Chinese investment enhances the economic strength of Pakistan that, in its turn, is considered to be significant to its domestic



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security (Carnegie Endowment, 2016). In addition, the physical infrastructure can be said to give Pakistan logistical advantages and an aspect of economic strategic depth over India, with the possibility of rapid movement of military supplies and personnel because of the physical infrastructure, namely the road and rail networks (Ishaque, Ullah, and Khalid, 2020).

Indian Response and Strategic Competition: The evolution and possible future use of Gwadar Port by the navy possibly is the most disputed strategic factor. It offers direct operational access point to the Arabian Sea and the larger Indian Ocean Region (IOR) to China. Such Chinese incursion into the IOR threatens the maritime superiority of India and its partners over the years, which directly changes the strategic balance and makes Indian security uneasy about being surrounded or pursuing a so-called string of pearls approach (van de Wetering, 2020; CSRC Publishing, 2018).

B. Strategic Competition in the world system

India does not perceive CPEC as an economic project but as the direct threat to its position in the region and sovereignty.

The Issue of Sovereignty: One of the most significant points of contention is that the corridor will cross Gilgit-Baltistan that India claims, which to India considers CPEC to be infringement of its sovereignty and an endorsement of the Indian rule on the disputed territory (Hussain et al., 2021).

Counter-Balancing Efforts: India has been responding to the China-Pakistan axis through an increase in its counter-balancing policy. It has tried to intensify security and strategic relationships with the United States, Japan, and Australia, the most prominent one being the Quadrilateral Security Dialogue (QUAD). This is an implicit grouping to counter the growing presence of China in the Indo-Pacific, and CPEC is one such projection of that presence (Manhas et al., 2025; Margalla Papers, 2022).

Alternative Connectivity Projects: India is going to have its own regional connectivity projects with building the Chabahar Port in Iran (a counter-measure to Gwadar) and the International North-South Transport Corridor (INSTC) that represents an exemplar of competitive infrastructure-building dynamic that characterizes the new geopolitical and competition arena in South Asia (Manhas et al., 2025).

Implications for Strategic Stability

The role of CPEC to strategic stability is two-sided and at the same time, has the prospect of both increased cooperation and the increased risk of conflict.

Risk of Increment of Instability

Growth of the Security Dilemma: CPEC helps to increase the strategic and economic potential of Pakistan and the operations of China which contributes to the development of the current Indo-Pakistan security dilemma. This may result in an arms race, especially in the naval space in the IOR, as India tries to preserve its perceived superiority, thereby reducing the general stability in the area (van de Wetering, 2020).

Non-Traditional Security Threats: Since the corridor passes through sensitive territories especially the Balochistan, it has contributed to augmenting security challenges, such as the assaults of Chinese personnel by separatists and militant organizations (East Asia Forum, 2025). Pakistan has needed to allocate much military resources (a Special Security Division) to secure CPEC projects and this has diverted resources and additional militarization of its development sphere, which has internal stability consequences.

Debt Sustainability and Dependency: It is feared that Pakistan becomes entangled in a debt



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trap to China, thus risking its strategic freedom and exposure to Chinese political and strategic pressures that only become increasingly destabilizing to the balance of power in the region and provide more opportunities to outside interference or criticism (Hussain et al., 2021).

Regional Stability Potential

Geo-Economic Integration: Advocates believe that CPEC can ultimately contribute to the fact that regional economic integration and interdependence can actually lead to the replacement of the concept of zero-sum geopolitics of the past by a positive-sum logic of collective development (ResearchGate, 2018; Punjab University, 2019). The vision of the project to link Central and West Asia with the sea may produce positive economic effects on both countries, which, in its turn, produce a group of parties interested in the security and prosperity of the corridor.

China as a Stabilizing Force: The argument by Beijing is that CPEC will enhance internal stability of Pakistan by improving its economy and creating employment which will counter the internal forces (such as extremism) that make the region unstable (Carnegie Endowment, 2016).

CPEC's Context within Pakistan's Security Relations

To Pakistan, CPEC is a strategic move to economic diplomacy, as it can use its geo-strategic position to benefit economically, and at the same time find itself a potent external patron. This is the main relationship of the security matrix of Pakistan:

Balancing India: CPEC forms part of the strategy that Pakistan uses to balance the traditional regional dominance of India. The boosted strategic relationships and guaranteed political support of China offers Pakistan a feeling of safety and a bargaining point in its conflicts with India (WGI, 2025).

Pivot to Geo-Economics: CPEC allows the Pakistani government to shift its foreign policy not from security issues (geostrategy) to economic development (geo-economics), which is the pivot needed to overcome its ultimately internal issues (LSE, 2022).

Security of the Corridor: The counter-terrorism security of the Corridor, as well as the safety of the maritime routes, have also become the foremost priority of the security organization in Pakistan, which further solidified the security aspect of the economic partnership.

Conclusion

China-Pakistan Economic Corridor is not an economic project that is in stasis; it is a dynamic geopolitical power that is redefining South Asia. It has certainly changed the strategic calculation, entrenching Sino-Pakistani alliance, expanding China influence into the IOR and contested the Indian regional pre-eminence. This has seen a significant escalation in great-power rivalry and countermeasures (including the QUAD), which has enhanced the degree of strategic contention and thus made the strategic stability of the region more challenging.

Although CPEC can provide an opportunity to rejuvenate the Pakistani economy and possibly enhance the regional connectivity, the manifestation of CPEC as a Sino-Pakistani strategic anchor contributes to the further development of the existing security dilemma which makes the South Asian balance of power less stable, more competitive and prone to strategic miscalculation. Whether the economic payoffs of CPEC will be enough to



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motivate the regional partnership to offset the geopolitical risks of the heightened competition will depend on the future stability of South Asia to a large extent.

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