



## RESEARCH PAPER

# Infrastructure Diplomacy and Economic Growth: Impacts of Regional Connectivity Projects on Pakistan

<sup>1</sup>Dr. Muhammad Imran Rashid \* and <sup>2</sup>Dr. Ghulam Sarwar

1. Assistant Professor, Department of Politics and International Relations, University of Sialkot, Punjab, Pakistan.
2. SSE, School Education Department, Government of the Punjab, Pakistan

**\*Corresponding Author** | Imran.rashid@uskt.edu.pk

## ABSTRACT

Regional connectivity projects in Pakistan are one of the most important factors having both long term and short-term impacts over country's economy. This article highlights the role of regional connectivity projects such as China-Pakistan Economic Corridor (CPEC), CASA-1000 and TAPI's potential in economic development of Pakistan. To gain in-depth knowledge, qualitative research design has been used in this research article. Secondary data sources have been used to analyze questions under consideration. The study concludes that regional connectivity projects contributed significantly in economic growth by creating opportunities for trade, infrastructure development, energy needs, and attracting foreign direct investment by regional connectivity. Furthermore, the study argues that these projects resulted in employment opportunities and economic growth that require policy continuation. The article recommends effective governing framework, careful management, inclusive domestic policies and need to counter violent extremism in Pakistan to maximize gains of these regional connectivity projects.

**KEYWORDS** Regional Connectivity, Pakistan, Economic Development, CPEC, Trade

## Introduction

The term regional connectivity refers to the inauguration of interconnected networks of road, sea and air routes that enhance cooperation in terms of trade and resources. Road networks, railway, energy pipeline and ports foster trade and attract investment (khan, 2020). Pakistan is located at a very important strategic location. In-fact the whole region has considerable geo-strategic, political, economic, cultural importance due to its connectivity potential. Geography provides extra leverage to Pakistan to serve as important link between Central Asia and South Asia. This enhance Pakistan's role in regional and global trade routes (Yaseen, et. al., 2023; Khan & Shirazi, 2021).

The rise of China and her gigantic connectivity projects provided opportunity for Pakistan to improve regional linkages. The One Belt One Road (OBOR) initiative brought opportunity in terms of China Pakistan Economic Corridor (CPEC) to visualize new projects, economic development, infrastructure improvement, investment opportunities and employment opportunities for local population. Pakistan possess considerable potential in terms of natural resources, strategic location, large population along with ration of youth, and growing industrial base to benefit from China's ambitious regional connectivity projects Imtiaz, et. al., 2023; Ghani, et. al., 2017).

China-Pakistan Economic Corridor (CPEC) became the flagship project for last decade. This multi-billion-dollar project aims to connect China to Gwadar sea port, located at Arabian Sea. This project includes highway networks, railway projects and energy

pipelines. It will not only improve connectivity in Pakistan, but will enhance regional cooperation between Central Asia and South Asia. CPEC will boom economic development and regional connectivity that can make Pakistan an important player in the region (Rahim, et. al., 2018; Hussain, 2019; Muzaffar, et. al., 2018).

Apart from CPEC, Pakistan has joined other regional connectivity projects such as Trans-Afghan Pipeline Project, through which natural gas can be transported to Turkmenistan to Pakistan and India, and Central Asia South Asia Connectivity (CASA-1000) initiative, that deliver electricity from Kyrgyzstan and Tajikistan to Pakistan and Afghanistan (Yaseen, et. al., 2016; Shah, et. al., 2020). As Ali and Raza (2021) argued that through these connectivity projects, Pakistan is positioning herself as the vital economic hub with capacity to facilitate regional cooperation.

These above-mentioned regional connectivity projects can be essential for economic growth that can lower the infrastructure deficit which remained key hindrance in way of development. However, the important aspect in realizing these dreams is the implementation of these projects. The importance of these projects extends beyond infrastructure development so they can be central to enhance country's economic growth. These projects have the potential to facilitate trade and investment with neighboring and regional countries (Bashir, 2018).

Along with regional importance, project like CPEC can link Pakistan with global market places, which can result in opening of new avenues. CPEC can reduce the cost of transportation which can improve competitiveness of Pakistani products in world market. Textile, agriculture and manufacturing sectors of Pakistan can become real beneficiaries from regional connectivity (Hussain, 2019).

Along with regional connectivity and trade, the regional connectivity networks can improve Pakistan's growing energy needs. Through projects like Trans-Afghan Pipeline, and CASA-1000, Pakistan can import natural gas and electricity from Central Asian countries (Yousaf, 2020). Moreover, these projects can improve external relations with other regional countries. For instance, the CPEC not only improved the traditional friendly ties between China and Pakistan, it provided an opportunity for collaboration between important regional players like India, Afghanistan and Iran. These projects can mitigate tensions in the region and can promote peace and security for larger benefits of all (Mishra & Khan, 2022).

The geographical location of Pakistan offers massive potential for economic development through connectivity. However, due to political, economic and security challenges in the country provided hindrances in realization of full potential. These issues impede the economic development to the greatest extent. However, the gains of regional connectivity overpower the structural restraints. This article seek to examine the strategic role of regional connectivity projects in Pakistan's economic growth, by focusing both on opportunities and challenges.

## **Material and Methods**

This research uses a qualitative design. It analyzes how regional connectivity projects affect Pakistan's economic growth. The qualitative approach allows for a deep exploration of these projects. It examines their impacts, challenges, and opportunities. This provides a full understanding of how they contribute to Pakistan's economy.

## **Research Design**

The study uses a descriptive-analytical design. It aims to analyze the economic effects of regional connectivity initiatives in Pakistan. A case study approach examines specific projects. The main example is the China-Pakistan Economic Corridor (CPEC). It helps to understand the wider impacts of regional connectivity. The research design is a review of existing literature, government reports, and policy documents. This will gather secondary data on regional connectivity projects. Also, expert opinions, stakeholder interviews, and past studies will inform the analysis. They will provide context to understand the economic outcomes and challenges. The qualitative data collection method can find patterns and themes. It ensures a detailed analysis of the effects of regional connectivity on Pakistan's economy.

### **Literature Review**

Regional connectivity is a cornerstone for the development of a country as it integrates the state globally and regionally. Adam Smith concretized that good infrastructure i.e. roads, canals and navigable rivers, close the remote area of country and this is greatest of all improvement. So the connectivity by roads, sea routes and air routes help the state to introduce herself to other nations, cost effective trades and culture introduction help for better opportunity. Sustainable and planned connectivity helps in growth and development of a state (Muzaffar, et. al., 2017; United Nations, 2020)

Regional integration is a cooperative framework among nations. It promotes economic growth, macro and microeconomic stability, peace and prosperity and connectivity among nations through a shared framework of institutions and rules. Regional connectivity has bridged the gap between multiple nations, enabling them to work together for sustainable development and prosperity (Ms. Ayza Shoukat, 2016)

Regional connectivity also generates immense progressive results for development of Pakistan i.e., economic growth, peace development and welfare gains which is crucial for sustainable development. The tactical location of Pakistan brings it at the cross roads of South, East, and Central Asian states. This location may be used as a resource or should be preferred as a liability. Owing to the contemporary strategies and policies of Pakistan and the regional states especially China, Pakistan is at the center of regional connectivity as it provides access to Afghanistan, Central Asian Republics, Russia onto European nations, Middle Eastern states, Arabian Peninsula, Persian Gulf, Gwadar and Chabahar ports and other straits in the region (Yaseen, et. al., 2023; Mairajul Hamid, 2023).

China Pakistan Economic Corridor (CPEC) is a best infrastructure for trade and best example of connectivity between China and Pakistan. This infrastructure and interconnectedness will be a win-win situation for both China and Pakistan. This linkage also connected the provinces of Pakistan and Pakistan to other states by road. This connectivity will help all regional states to improve economic stability (Muhammad Khan, 2021).

For Pakistan, China is more reliable and all time a good partner of Pakistan. Economic corridors are essential for regional development. CPEC will provide a unique opportunity for economic growth, culture introduction to other nation, tourism, education and development of every sector. Regional connectivity and interconnectedness boost the economy of a country and emergence of new industry and business generates a vast array of employment opportunities. Finally, this corridor is not only the gateway to economic prosperity of Pakistan and China; it can be a beacon for the world's future development (Muhammad Ibrar).

Other than CPEC, another project which is connecting Pakistan with regional state is Turkmenistan–Afghanistan–Pakistan–India (TAPI) pipeline. The TAPI pipeline, which will transport Caspian Sea natural gas from Turkmenistan through Afghanistan into Pakistan and then to India and being developed by Asian Development Bank (ADB). Initially this project is confined to pipeline only but now the concept is now being broadened to a cluster of a pipeline, transmission line, fiber optic network, a railway, roads, and airports, creating an integrated system of connectivity between Turkmenistan, Afghanistan, Pakistan and India. TAPI project has potential to security condition, governance and stability of countries. The TAPI project helps not only to economic development but help countries to move away from zero sum situation towards mutual beneficial condition (D'Souza, 2017)

As TAPI and CPEC South Asia and Central Asia also entered in a project called CASA-1000. CASA-1000 is an electricity transmission line, slated to export gas from Turkmenistan, and electricity from Tajikistan and Kyrgyzstan, to India, Pakistan and Afghanistan. A Central Asia–South Asia energy corridor - CASA-1000 - is the first element of the Central Asian Regional Economic Cooperation (CAREC) Energy Work Plan (Sadat, 2015)

Pakistan has been a center of various connectivity projects such as the South Asian Association for Regional Cooperation (SAARC), Central Asia Regional Economic Cooperation (CAREC), and Chia-Pak Economic Corridor (CPEC) due to its strategic location in the South Asian region. These connectivity projects play a vital role in peacebuilding, peacemaking, and enhancing bilateral trade, investment projects, and regional cooperation. This literature review examines the role of regional projects in fostering Pakistan's economic growth.

Romer argued that regional connectivity is linked to endogenous theory that emphasizes investment in human capital to enhance market access and attract foreign direct investment (FDI) (Romer, 1994). World Bank reports reveal key drivers for economic prosperity are regional integration, infrastructure development, and trade facilitation (World Bank, 2020). SAARC was founded on the vision to enhance economic growth and multilateral cooperation but remains underdeveloped due to Indo-Pak political tensions and hindered trade expansion between the member states (Sattar et al., 2021). According to Soherwardi and Rehman, Pakistan's initiatives with Sri Lanka and Bangladesh such as the SAARC Highway Project and Trade agreements provide opportunities for economic growth (Soherwardi & Rehman, 2020).

Qureshi argues that CAREC is a key element for Pakistan because transport corridors linking with Afghanistan can enhance exports and improve economic ties with Asian economies (Qureshi, 2023). Security challenges, regulatory bureaucratic barriers, debt sustainability, and political instability pose risks to regional connectivity (Siddique, 2022; Ahmed & Tariq, 2020). CPEC is the most significant connectivity initiative in Pakistan. CPEC has brought significant FDI in Pakistan, improved Pakistan's transport and energy infrastructure, leading to industrial productivity expected to boost regional trade with China and Central Asia (Khan & Anwar, 2021; Akbar & Rehman, 2022).

Regional connectivity projects including road networks, energy corridors, railways, and ports have emerged as critical drivers of economic growth aimed at enhancing trade and regional integration. Hussain and Akram argue that the Belt and Road Initiative (BRI) can reduce transportation costs and energy projects can boost Pakistan's GDP (Hussain & Akram, 2021). Ali and Nasir noted that connectivity projects with Afghanistan and Iran can enhance multilateral trade and economic cooperation (Ali & Nasir, 2022). They also

argue that Pakistan's debt sustainability and environmental challenges also associated with CPEC.

Regional connectivity projects are essential for Pakistan's economic growth because they offer infrastructure development opportunities, foreign direct investment, and trade expansion (Malik & Hussain, 2022). Khan and Ahmed reveal the challenges and risks Pakistan faces in regional integration such as political instability, economic woes, incompetent political leadership, ambiguous foreign policy, and terrorism (Khan and Ahmed, 2023). The success of these projects depends upon the effective implementation and addressing security concerns.

Ample research has been done on CPEC and other regional connectivity projects but very few articles covered the impacts of these regional connectivity projects on economic growth of Pakistan. This research article aims to fill this gap by analyzing both short-term and long-term economic benefits. Owing to its in-depth analysis, this research can be a valuable addition to both practitioners and policy makers.

## **Results and Discussion**

### **China-Pakistan Economic Corridor (CPEC)**

The China-Pakistan Economic Corridor (CPEC) plays a key role in boosting Pakistan's economy. The initiative aims to invest in energy, infrastructure, and industrial projects. It could transform Pakistan's economy. Launched in 2015, CPEC is a multi-billion-dollar project. It aims to improve Pakistan's infrastructure and trade capacity. The project builds on earlier work between China and Pakistan. It focuses on the energy and transport sectors. CPEC now includes new investments in SEZs, industrial parks, and digital connectivity projects. The corridor links Gwadar Port in Pakistan to China's Xinjiang region. It is a key trade route. It reduces China's reliance on shipping via the South China Sea (Hussain & Hussain, 2017).

CPEC has significantly enhanced the infrastructure of Pakistan. It has made significant investments in highways, railways, and ports. Modern roads now connect us better. They include the expanded Karakoram Highway and the Lahore-Karachi Motorway (Ahmed & Mustafa, 2018).

CPEC energy projects, besides road work, have added thousands of megawatts to the grid. They have helped to reduce Pakistan's power shortages. Investments in coal, hydro, and renewables have improved energy reliability. This has fostered industrial growth and business expansion (Rizvi, 2019).

CPEC has benefits but faces challenges. These include security risks, funding issues, and debt worries. Political instability and regional geopolitical tensions also pose risks to project implementation. For long-term success, Pakistan needs a plan and reforms. It also needs regional cooperation (Khan, 2021).

CPEC is a vital chance for Pakistan's growth. It will improve infrastructure, energy, and industry. There are challenges. But good policies and smart investments can maximize this initiative's benefits.

### **The Central Asia-South Asia Electricity Transmission and Trade Project (CASA-1000)**

The CASA-1000 project aims to boost energy ties between Central and South Asia. It is a regional initiative. Energy shortages have been a major impediment to Pakistan's

economic development. CASA-1000 is a joint project of Kyrgyzstan, Tajikistan, Afghanistan, and Pakistan. It aims to transfer surplus hydroelectric power from Central Asia to South Asia.

In the early 2000s, planners imagined CASA-1000. It was to boost regional energy cooperation. A project that will add 1,300 MW of hydroelectric power in Afghanistan and Pakistan. The World Bank and others support it. It will come from Kyrgyzstan and Tajikistan. Started in 2016, CASA-1000 is key to South Asia's energy strategy (World Bank, 2017).

The project promotes teamwork in the region. It strengthens trade ties between Central and South Asian countries. More cross-border trade in electricity should boost Pakistan's energy security. This trade can also help support long-term economic stability (Ahmed, 2019). Pakistan's chronic electricity shortages have hindered industrial productivity and economic expansion. CASA-1000's extra energy should close the electricity demand gap. It will help manufacturing, agriculture, and services (Khan & Shah, 2018).

CASA-1000 offers a big chance for Pakistan. It can fix its energy crisis and boost economic growth. CASA-1000 could be great. But it faces challenges. There are security risks in Afghanistan. Also, the countries involved need to align their regulations. Political instability and transmission issues risk the project's success (Rizvi, 2021).

### **Trans-Afghan Pipeline**

The Trans-Afghan Pipeline, or TAPI, is a key energy project. It aims to supply natural gas from Turkmenistan to South Asia. The TAPI pipeline will deliver 33 billion cubic meters of natural gas each year. It will transport gas from Turkmenistan to Afghanistan, Pakistan, and India.

In the early 1990s, they conceived the TAPI pipeline. It would connect Turkmenistan's vast natural gas reserves with South Asian markets. Backed by international financial institutions, the project gained momentum in the 2000s. The participating nations finalized the agreements. Pakistan, a key player, hopes to gain a lot from finishing the pipeline (World Bank, 2018).

Pakistan has long suffered from energy shortages, which have hindered industrial productivity. Experts expect the TAPI pipeline to supply stable natural gas. This will reduce reliance on costly imported fuels. It will support key industries, like manufacturing, textiles, and agriculture (Khan & Ahmed, 2020). The pipeline connects Pakistan to Central Asian energy markets. It boosts trade and economic ties. The project aims to help Pakistan attract FDI in its energy sector. It also seeks to integrate with regional economies (Ali, 2019).

The TAPI pipeline has great potential but faces big challenges. These are security concerns in Afghanistan, financial issues, and geopolitical tensions. They are among the involved countries. To ensure the project's success, we need international coordination and cooperation. This will help put in place and sustain it long-term (Shah, 2022).

### **The Role of Regional Connectivity Projects in Pakistan's Economic Growth**

The concept of geographical connectivity through economic corridors has been promoted as a means to increase volume of trade and ensure economic stability. Regional connectivity is vital for Pakistan's growth. It boosts trade, improves infrastructure, and fosters economic cooperation. Pakistan's key location makes it vital for regional

connectivity. It bridges South Asia, Central Asia, and the Middle East. Better connectivity can boost the economy. It improves trade, investment, and cooperation with regional partners. Projects like CPEC, CASA-1000, and TAPI can boost Pakistan's economy. They will connect regions and have lasting effects.

### **Infrastructure Development and Connectivity**

A well-developed infrastructure is essential for regional connectivity. Pakistan has built highways, railways, and ports. These projects aim to boost trade. The China-Pakistan Economic Corridor (CPEC) is a key project. It has brought large improvements to Pakistan's infrastructure. Key CPEC projects, like the Gwadar Port and roads, have boosted trade and investment.

Regional connectivity projects have transformed Pakistan's infrastructure. They modernized transportation, energy, and digital networks. The China-Pakistan Economic Corridor (CPEC) is a key part of China's Belt and Road Initiative (BRI). It has driven infrastructure growth in Pakistan. CPEC has expanded highways, motorways, and railways. It upgraded the Karakoram Highway and built the Lahore-Multan-Sukkur Motorway (Wolf, 2020). These projects have improved trade routes and cut transport costs. They have also made logistics more efficient. Developing Gwadar Port as a deep-sea hub has made Pakistan a key transit point for trade in the region. This has boosted its strategic economic importance.

China has offered the proposals of economic corridors connecting Asia with the world. The ongoing regional connectivity projects are to allow for transportation of goods through different parts of Pakistan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan and to advance their markets and connect them with important economic centers in Europe to gain economic benefits.

### **Trade and Economic Integration**

Regional connectivity projects boost economic integration. They link Pakistan with its neighbors via better roads and railways. Such projects are vital. They boost foreign direct investment (FDI) and industrial growth. They ensure stability through economic ties. The development of cross-border fiber optic networks under CPEC boosts digital connectivity. It is vital for economic modernization and e-commerce growth (Hussain & Fatima, 2021). CPEC is formulated and shaped for increasing regional connectivity between the continents of Asia and Europe and consequently widen commercial avenues (Deruder, 2018). It is made up of massive projects in a variety of sectors, from water and industrial infrastructure to highways, railroads, energy, and agriculture. Moreover, China has encouraged many of its businessmen community to move forward for manufacturing operations especially in the sector of nine newly announced Special Economic Zones (SEZs) that are planned to be constructed across Pakistan under the patronage of CPEC (Khan, 2016).

Pakistan has trade agreements with regional groups like the SAARC, ECO, and CAREC. These agreements aim to reduce trade barriers and promote economic cooperation. Studies by Khan et al. (2020) suggest that regional trade can boost Pakistan's GDP. It would allow access to larger markets and diversify exports.

### **Cross-Border Transportation Networks**

Efficient transportation networks are essential for regional connectivity. Pakistan has invested in roads and railways. This will boost trade and travel with neighboring

countries. New roads connecting Pakistan with China, Afghanistan, and Iran have boosted trade. The railway network expansion, including the CPEC ML-1 project, should improve transport. It should help both freight and passengers. A 2022 ADB report says that better transport links have boosted trade with Pakistan's neighbors.

The China-Pakistan Economic Corridor (CPEC) has upgraded road and rail networks. It expanded the Karakoram Highway, which connects Pakistan with China. These projects have improved cross-border trade. They cut transport time and costs. This boosted trade with neighbors (Wolf, 2020). Pakistan can now better move goods between China, Central Asia, and the Middle East. This is due to modernizing its highways, railways, and ports.

Pakistan engages in more than CPEC. It is joining regional connectivity efforts like the CAREC program. Also, Pakistan is part of the QTTA with China, Kyrgyzstan, and Kazakhstan. These initiatives seek to improve cross-border transportation. They will upgrade highways and rail links between Pakistan and Central Asian countries. The proposed Trans-Afghan railway would connect Pakistan and Uzbekistan via Afghanistan. It is a key project to boost regional trade. Such projects reduce reliance on maritime trade routes. They let landlocked Central Asian states use their ports for trade. This includes Gwadar and Karachi (Hussain & Fatima, 2021). Better transport networks boost investment in industrial zones. This, in turn, strengthens economic ties between Pakistan and its regional partners.

### **Employment Generation and Industrial Expansion:**

Regional connectivity projects contribute to employment creation and industrial development. Infrastructure projects need a skilled workforce. This creates jobs in construction, logistics, and manufacturing. Rahman & Javed (2019) found that connectivity projects boosted job participation. This improved household incomes and economic stability. Additionally, industrial zones along economic corridors have attracted investment and improved production.

The China-Pakistan Economic Corridor (CPEC) has created many jobs. This is due to big construction projects like highways, railways, and energy plants. The Ministry of Planning says CPEC has created over 75,000 jobs in Pakistan. It projects millions more in the long term (Government of Pakistan, 2021). CPEC's industrial zones and SEZs have boosted jobs. They have attracted FDI and fostered local entrepreneurship. These projects create jobs in infrastructure and related sectors, like logistics and retail.

Regional connectivity projects have helped industries grow. They boost supply chain efficiency and improve market access. SEZs in Gwadar, Faisalabad, and Rashakai have drawn investors. They are from domestic and international companies in manufacturing and export-oriented industries. Better transport networks, like highways and railways, help move goods. They aid the movement of raw materials and finished products. This cuts production costs and boosts industrial competitiveness (Hussain & Fatima, 2021). Also, regional connectivity initiatives have linked cross-border trade agreements. Examples are the QTTA and CAREC corridors. They have opened new avenues for industrial exports. These developments create a ripple effect. They foster SMEs and promote regional economic integration.

### **Energy Needs and Regional Connectivity Projects:**



Regional connectivity projects have transformed Pakistan's energy sector. They have improved energy infrastructure and made cross-border energy trade easier. Also, these projects have attracted foreign investments. Under CPEC, the government started energy projects to fix power shortages. These included coal, hydro, and renewable energy plants. Ahmed & Mustafa (2021) say CPEC energy projects added over 10,000 megawatts to the national grid. This reduced load shedding and stabilized the energy supply. The growth of transmission lines and power networks has boosted energy efficiency. The CPEC includes 21 agreements on energy projects with a capacity close to 10,000 MW have completed. Thus, the power generation projects under the CPEC would increase Pakistan's electric energy generating capacity which already enhanced by 7,000 MW with another 3,000 MW to be incorporated into the system (Hilali, 2019).

Regional connectivity projects have improved Pakistan's energy infrastructure. They have also enhanced transportation. CPEC has developed many energy projects to fix chronic power shortages. These include coal, hydro, and renewable power plants. These initiatives added over 5,000 MW to Pakistan's grid. They reduced outages and supported industry (Hussain & Fatima, 2021). Better energy infrastructure has helped grow Special Economic Zones (SEZs) and industrial parks. This has boosted foreign investment and economic development. Also, projects like CASA-1000 aim to diversify Pakistan's energy sources. They seek to ensure long-term security. They are cross-border energy projects with Central Asia.

Regional connectivity projects have boosted Pakistan's economy. They have improved trade routes, cut costs, and enhanced access to global markets. FDI has increased due to better economic ties, especially from CPEC. But non-tariff barriers and trade restrictions limit the benefits of trade. Geopolitical tensions between Pakistan and its neighbors add to this. We must have effective trade policies and regional cooperation. They are key to overcoming these obstacles.

Expanding roads, rail, and energy infrastructure has been vital. It has improved transport efficiency and trade logistics. Better connectivity has cut the time and cost of transporting goods. This benefit both domestic and international trade partners. Yet, concerns remain about the sustainability of these projects. These include maintenance, environmental impact, and long-term funding. It's critical to ensure that infrastructure is durable and resilient. This requires efficient governance and sustainable funding.

## **Conclusion**

Regional connectivity projects have created many jobs. This is especially true in construction, transportation, and energy. These projects have created jobs for skilled and unskilled workers. Yet, many of these jobs are temporary and do not offer long-term security.

Political instability, border disputes, and security issues hinder regional connectivity projects. Balochistan and the Pakistan-Afghanistan border have security issues. They have delayed projects and raised costs. Furthermore, diplomatic tensions with neighboring countries affect regional trade agreements and cooperation. To tackle these geopolitical challenges, we need a smart strategy. This includes better diplomacy, conflict resolution, and regional security cooperation.

The success of regional connectivity projects depends on governance, policies, and institutions. Bureaucratic delays and poor coordination between agencies have slowed down these initiatives. Corruption and inconsistent policies also make timely execution

difficult. We need transparent governance, efficient project management, and clear regulations. They are key to ensuring these projects deliver long-term economic benefits. Strengthening public-private partnerships and engaging local stakeholders can also enhance project outcomes. Connectivity projects have been key in boosting Pakistan's energy infrastructure. They help with new power generation and distribution projects. Initiatives like CASA-1000 and CPEC have eased Pakistan's energy crisis. They boosted electricity production and cut power shortages.

We need effective energy governance, cross-border cooperation, and investment in renewable energy. They are key to long-term energy security. Successful regional connectivity projects need strong diplomatic ties. They need help from important stakeholders. This includes China, Afghanistan, Central Asia, and international agencies. CPEC has boosted Pakistan's economic ties. But we need better regional cooperation. It must address trade barriers, security issues, and funding for infrastructure. Boosting multilateral collaboration and policy alignment can improve these connectivity projects. It will maximize their economic impact.

### **Recommendations**

- To enhance regional connectivity, improvement in trade facilitation and border crossing mechanisms is indispensable. Use of digital technology in Customs clearance should be prioritized for automate processing. These transparent clearance policies will definitely reduce corruption. To streamline trade and improvement in economic activity, trade zones and logistical hubs should be established and developed at Chaman and Torkham and other border trade points.
- The integration of road, rail and sea transport networks are essential to fully capitalize regional connectivity projects. The CPEC road networks and revitalizing of Railway networks can prove very cost effective, along with modernizing sea ports like Karachi and Gwadar. Well connected transportation system can reduce transportation costs which can result in competitiveness of Pakistani products in the world markets.
- No country can prosper without the industrial growth. Gigantic projects such as CPEC provide an opportunity for developing nation like Pakistan to leap forward towards industrialization. The establishment of Special Economic Zones (SEZs) can boost industrialization. To realize industrial dream, Pakistan must focus on attracting foreign direct investment in textile, IT and automobile manufacturing sectors. To attract FDI, a few incentives such as tax breaks, ease of doing business reforms and land subsidies should be given to investors which will encourage companies to set production units in Pakistan.
- Although, CPEC is a key aspect of connectivity strategy, it is crucial not to over rely on China only. Other regional partners such as Central Asian Republics, Gulf Countries and friendly countries like Turkey can provide new economic avenues. Regional incentive such as ECO and ASEAN should be explored to expand trade with other potential trade partners.
- The problem of energy shortage is one the most important impediment in Pakistan's economic growth. Central Asia-South Asia Electricity Transmission and Trade projects (CASA-1000) and Turkmenistan-Afghanistan-Pakistan-India (TAPI) should be implemented on priority basis. These energy projects will not only provide energy supply but also make Pakistan regional energy hub.

- Political stability and policy continuity is essential for regional connectivity projects to be effective. Bureaucratic inefficiencies and policy reversal can discourage foreign investment. All the stake holders must be on same page regarding such projects irrespective of governmental change. Bipartisan support is essential for policy continuity.
- Transparency and effective governance is essential for the success of these projects. Corruption can lead to delay and compromise on quality. Institutional check on these projects by NAB and FIA to oversee project execution along with transparency standards will improve quality and productivity of such projects.
- Engagement of private sector in road construction, digital connectivity, and logistics can reduce the financial burden on government. It can also introduce efficiency and innovation.
- Pakistan has the leverage of investing on human capital. Professional and technical development is key to utilize human resource. For this purpose, technical education programs, vocational education and digital literacy must be aligned to produce skilled work force.
- Environmental stability must be ensured while developing regional connectivity. Large scale infrastructure projects can lead to pollution, deforestation and ecological imbalance. The environmental aspect is necessary before planning anything to avoid climate catastrophe.

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