

## **Evaluation of Strategic Importance of CPEC: A Comparative Study with Panama Canal Project and Suez Canal Project**

Hafiz Zafar Ahmed<sup>1</sup>, Noor Ul Ain Khan<sup>2</sup>, Sara Sajjad<sup>3</sup>, Dawood Ahmed<sup>4</sup>

### **ABSTRACT**

The geostrategic and geopolitical significance of the South Asian region has enhanced over the period of time. The positioning of Pakistan in this region has brought it into the limelight especially because of bearing Gwadar, a deep seaport in its domain. China and Pakistan 'all weathered friends' strengthened their kinship ties by entering into a billion-dollar project of China Pakistan Economic Corridor (CPEC) which comprise of various developmental projects related to the energy sector and improvement of infrastructure in Pakistan. Alike CPEC there are other two economic corridors, the Panama Canal and Suez Canal projects which have brought various developmental reforms in their respective regions. This qualitative study on basis of empirical evidence evaluates the literature available to anticipate the improvements CPEC can bring in the South Asian Region in comparison with the improvements brought by corridor projects of Panama Canal and Suez Canal.

**Keywords:** CPEC, China CPEC, Economic Corridor, Canal

### **INTRODUCTION**

The huge bulk of world trade is carried out through sea routes. According to an estimate around 90% of commodities traded via oceans. Currently, trade of \$ 9 Trillion is done via sea routes (The Time, 2015). Two prominent sea routes developed to aid the maritime activities are Panama Canal project and Suez Canal project which have enhanced the trade activities tremendously and offered significant improvements in their respective regions. Alike sea routes of Panama Canal and Suez Canal, which were developed specifically for trading motives, Pakistan and China entered into road route project of China Pakistan Economic Corridor (CPEC) which will connect Chinese city of Kashgar to Gwadar in Pakistan through a network of highways and railways.

The study is designed to approximate the improvements CPEC can offer by comparing with corridor projects of Panama and Suez Canal. Following paragraphs provide a comprehensive introduction to CPEC, Suez Canal, and the Panama Canal.

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

The process of globalization has got impetus at the international arena, which consequently enhances the interdependence among states. States are now broadening their diplomatic relations with each other to secure their geopolitical and geostrategic interests. Similarly, Pakistan and China who are considered as "all weather" diplomatic and strategic

partners in South Asia are strengthening their ties by collaboration in various developmental projects (Development Policy News, 2015). The significant leap in China-Pakistan relationship transpired in 2013 when both countries agreed to connect the Chinese city of Kashgar, a northwestern autonomous region of Xinjiang, with Pakistan's deep-sea port of Gwadar in Baluchistan through a network of highways, railways (Fundamentals of CPEC, 2016). Formally on 20<sup>th</sup> April 2015, both countries extended their kinship ties by signing an agreement to initiate the project of China –Pakistan Economic Corridor (CPEC). It is the longest land corridor comprised of 2500 to 3000 km approximately from Kashgar to Gwadar which is expected to be completed by 2030 (CPEC,2015).

CPEC is a collection of projects which include projects related to Energy, Infrastructure, Gwadar and other projects comprised of Cross-Border Optical Fiber cable and Digital Terrestrial Multimedia Broadcast. According to the current approximation, it is \$69 billion project. In terms of time duration, Project of CPEC is divided into three tenures, Early harvest Projects (short-term projects) which will be completed by 2017, Medium term projects to be accomplished in 2025 and long-term projects expected to be concluded till 2030 (Siddiqui, 2015). Three routes proposed for the project are the Eastern route, Western Route, and Railway track. China –Pakistan Economic Corridor is the framework of regional connectivity. The significance of CPEC is not limited to the states of China and Pakistan but it will cast imperative impacts on regions of Afghanistan, Iran, and India. It is considered to be a win-win project which entails fruitful results on the economic growth of both partners (Dawn, 2016).

The strategic importance of CPEC can be assessed by evaluating its significance for both countries. CPEC is beneficial for China in numerous ways. Eastern China is situated near the seaport which ensures substantial economic development whereas Western China did not reflect much development as experienced by eastern region therefore from last two decades China is striving to spread network of roads and railway and commenced several development projects to bring economic strength in Eastern region (Ahmar, 2015). Along with the development of this region, China needs trade route to export goods produced by this region and to import raw material for this region. Sea route previously followed by China comprised of more than 10,000 km whereas Project of CPEC will shorten this distance by 2500 km approximately. This

<sup>1</sup> Hailey College of Commerce, University of the Punjab, Lahore [zafarahmad79@gmail.com](mailto:zafarahmad79@gmail.com)

<sup>2</sup> School of Accounting and Finance, Faculty of Management Studies, UCP

<sup>3</sup> Kinnaird College for Women, Lahore

<sup>4</sup> Government post-graduate college, Shekhupura

corridor will help China to carry on its trading activities through the shortest available route.

Western route of this corridor will unlock the opportunities for China to reach Afghanistan and Central Asia. CPEC will also reduce the dependence of China on Malacca Strait and provide an alternative route to import energy resources for its country (Importance of CPEC, 2015). For China, another important aspect of this project is to control the unrest and radical Islamism in Xinjiang. When this project will be implemented the Xinjiang province will become the Hub of trade and development activities as a result promises the progress of this region (The Express Tribune, 2016).

CPEC is a well-crafted project and seizes undoubted significance for Pakistan. Huge investment in the region will bring substantial prospects of growth and development for Pakistan. Energy portfolio of the project will ensure the removal of the energy crisis. Transportation and communication within the country will be improved due to the upgrading of infrastructure all over the country. Opportunities for trade and commerce will be improved within the state. Economic progress promised by this project will attract the foreign investment in the region (Ali, 2016). Numerous projects undertaken will expand the employment opportunities for the people of Pakistan. It is expected that CPEC will add more than 2 million job opportunities in Pakistan and boost the GDPs growth rate to 7.5%. Tourism Industry of Pakistan can be flourished by successful completion of this project. For smooth continuance of CPEC operations, a special security force was developed.

**Table 1: CPEC Projects and Estimates of Funds to be Allocated In Each Project**

Projects	US \$Million
Energy	33,793
Transport and Infrastructure	
• Roads	6,100
• Rail Networks	3,690
• Gwadar Ports	786
Others	44
Total	44,413

### Current Progress of CPEC

First Trade Activity under CPEC kicked off on 31<sup>st</sup> October 2016. Over a hundred Chinese containers arrived at the Sost port. Sost is a village in Hunza. It's the last town in Pakistan on the Karakoram highway before the Chinese border. On 6<sup>th</sup> November 2016, the convoy of 60 containers reached Quetta (Balochistan) via the western route of CPEC led by Mr. Yuan, chief advisor of Chinese Xinjiang province. This First 60 containers convoy is part of the 200-container caravan which reached Gwadar via a western route on 12<sup>th</sup> November 2016. Mr. Yuan told that at least 25 to 30 days were required for the oil imported from Saudi Arabia to reach Shanghai, China, but the Gwadar-Kashghar route had curtailed this lengthy period to 10 or 12 days only. He further informed that only five days were needed for the transport of products to reach from Kashghar to Gwadar.

On 13<sup>th</sup> November 2016, China-Pakistan Economic Corridor (CPEC) became operational in the sense that the first convoy of trucks laden with Chinese goods traversing the CPEC's 3,000-kilometre journey from Kashgar in China arrived at Gwadar and was further seen off in a Chinese ship from Gwadar to West Asia and Africa. Pakistan's top civilian and military leaders were reportedly present at Gwadar to see off the Chinese ship.

Prime Minister Nawaz Sharif stated that Pakistan will provide the best possible security to foreign investors to enable them to use Gwadar for international trade. Prime Minister Nawaz Sharif has made it emphatically clear that the enemy of China-Pakistan Economic Corridor (CPEC) is the enemy of Pakistan.

The prime minister was addressing the historic and grand ceremony of opening of trade activities with the departure of the first mega pilot trade cargo at the world's largest deep sea port, the Gwadar Port, in ceremony many distinguished personalities were present like top civil and military leadership, including Chief of Army Staff (COAS) General Raheel Sharif, Balochistan Governor Muhammad Khan Achakzai, Chief Minister Sanaullah Zehri and federal ministers.

He reminded that the CPEC will integrate development and commerce of various regions across Asia and Europe by increasing connectivity and Pakistan Vision 2025. He said that it seeks to transform Pakistan into a regional hub of trade, commerce, and manufacturing by harnessing its geo-strategic location into a geo-economic advantage. He said the departure of first major trade cargo from Gwadar Port emphasized Pakistan's commitment to China's One Belt-One Road initiative. Chinese Ambassador to Pakistan Sun Weidong said that the day is very significant that a convoy successfully passed through the western part of Pakistan from North to the South. He said the local people will get job opportunities with the completion of the Gwadar Port. "It proves the connectivity of the local roads and realization of the concept of one corridor with multiple passages". The Chinese envoy said that this is the first time that Gwadar Port is exporting containers to overseas destinations. This is also the first time that Pakistan and China co-organized a trade convoy through Pakistan to the Gwadar Port. Moreover, the projects of Exclusive Industrial Park Processing Zone and Mineral Economic Zone are also being executed on a priority basis.

### Suez Canal

Suez Canal is the most important artificial strait built by man and used for world sea traffic. Suez Canal is a project which was situated in Egypt, length of 193.3 km, the width of 280–345 m, and depth 22.50 m. In the north, it links the city port of Port Said on the Mediterranean Sea with the city of Suez on the Gulf of Suez at its south (Suez Canal Authority, 2012). Suez Canal found as its establishment in 1869, as a very significant channel and strait for globe trade by connecting East and West. It is a very significant channel for carried or transferring petroleum between manufacture sources and markets. Therefore, it has an immense influence on countries' economies (Hidayat, 2012; Hifnawy, 2005). Moreover, it is found as corridor and entryway for armed forces convoys' route from the

Mediterranean Sea to the Red Sea. Suez Canal's strategic importance has led to rising conflict among huge powers over the Middle East's impact (Mobashir, 2005).

The current Canal found as important routing lanes in the world. It plays host to one-tenth of globe's trade. Its yearly revenues do not go above \$5 billion. In spite of extension and deepen attempts, most huge ships cannot pass through the canal and have to revolve around the Cape of Good Hope which is the southern tip of Africa. The present Suez Canal is not fully used regardless of its economic significance. Unlike in other countries, like the Port of Jabel Ali project in Dubai, the United Arab Emirates (Public Information Authority, 2014). It is anticipated that fresh project will provide a way to a great number of business ships, containers and huge oil tankers, which are not capable to transport just because of the present inland waterway depth. Therefore, they have to use another route instead of the Suez Canal. Around 80% of those big ships are huge oil tankers, which can multiply toll income by six if they go by the Suez Canal (Beshlawy, A. 2014).

#### **Panama Canal**

The Panama Canal is an artificial waterway of approximately 48 miles (77km) which connect two largest oceans Atlantic Ocean with the Pacific Ocean. Panama Canal cut through the Isthmus of Panama and it is the main route for international maritime activities of trade. There are locks at each end of a canal built for purpose of lifting up the ships to Gatun Lake, which is artificial lake built to lessen the number of excavation activities required for the canal, it is about 26 meters above the sea level and it then lower ships at another end. From September 2007 to May 2016 wider third lane was constructed. The commercial operations on the expanded Panama Canal were commenced on 26<sup>th</sup> June 2016. New locks will accommodate larger vehicles than before and capable of transiting more cargo.

France started work on the canal in the year 1881 but suspended due to engineering issues and a high employees mortality rate. The United States took over the project in the year 1904 and finally opened the Panama Canal on August 15, 1914. It was one of the largest and most complex engineering projects ever undertaken in the history, Panama Canal shortcut greatly reduced time for the ships to journey between the Atlantic and the Pacific Oceans, enabling them to avoid the lengthy, hazardous and perilous Cape Horn route around the southernmost tip of South America going through the Drake Passage and Strait of Magellan.

The Panama Canal is significant in international trade. It accommodates about five percent of the world's total shipment volume. One of the biggest construction developments in the world, the Panama Canal extension could have important impacts on U.S. seaports and inland infrastructure. Panama Canal project and its further expansion permitted the passage of larger container vessels, possibly decreasing the cost of trans-ocean shipping, mostly for trade roads providing East-West facilities between the Far East and U.S. East and Gulf Coast ports. This is particularly important to the container shipping services that have changed during the past half-century, as trade

between Asia and Western economies has arisen to control demand for Panama Canal capacity. U.S. exports of both containerized and bulk shipments to these similar regions are also conveyed via the Panama Canal, particularly unindustrialized commodities transported to Asia from the United States through Gulf Coast ports. More cost-effective service, using superior vessels working at more profound drafts, could expand the capacity of about U.S. exports to contest in worldwide markets for farming products and energy.

Panama Canal expansion will consent passage of many superior ships. The Panama Canal Authority (PCA) approximations that the collective consequence of allowing between 12 and 14 larger vessels per day over the novel locks and using the current locks for minor vessels will dual Canal capacity. The enlarged size of the vessels—mostly container ships of up to 13,000 TEUs (twenty-foot equivalent unit). It will play a precarious role in collective Canal throughput volume from 300 million Panama Canal/Universal Measurement System (PC/UMS) tons to 600 million PC/UMS Tons

#### **Problem Statement**

“To evaluate the Strategic importance of CPEC by comparing with the Panama Canal project and Suez Canal project”

#### **Objectives of the Study**

- Estimate the improvement in GDP of Pakistan as result of CPEC Project
- Anticipate the development in Pakistan's balance of trade due to CPEC
- Approximate the employment opportunities available as a result of CPEC.
- Analyze the enhancement in infrastructure and energy sector of Pakistan as a byproduct of CPEC

#### **The Significance of the Study**

This study will help us to anticipate how much CPEC will contribute to the improvement of various aspects of Pakistan's economy.

It is a comparative study, which is qualitative in nature and conducted by evaluating empirical evidence obtained from the Suez Canal and Panama Canal projects.

### **LITERATURE REVIEW**

#### **China Pakistan Economic Corridor**

Dwivedi (2015) studied “The Rise of China: Pakistani Perspectives” and explained that the rise of China encourages the development of small nations like Pakistan. For China, Pakistan is a successful model where it can employ its soft powers. Strategic interdependence of two countries inciting them to further strengthen their ties by entering into developmental projects like the China-Pakistan Economic Corridor. Several projects undertaken as a result of CPEC like energy projects, infrastructure development, fiber optic cable projects, will help the economy of Pakistan to flourish by leaps and bounds

Irshad et al, (2015) determined the benefits of CPEC on the economy of Pakistan, the study revealed that massive investment by China will aid in reducing the trade deficit of Pakistan. Geographical proximity between two nations will

enhance their economic worth. CPEC works on a win-win model providing mutual benefits to counterparties. China and Pakistan should take pre-emptive measures preventing the intervention of other countries in the internal affairs of both states.

Britain's magazine "Economist" estimated Pakistan's gross domestic product experienced growth of 5.7% in 2015 which is ranked 5<sup>th</sup> in the world and also categorized it as Muslim country with the fastest growth.

Memoona et al. (2014) studied growing economic ties between Pakistan and China and its impact on the economy of Pakistan. Authors discussed in the study that currency swap agreement signed by Pakistan with China marked Pakistan as a first South Asian country who has entered in that agreement. For decades China has proved itself as Big Brother of Pakistan and it is Pakistan's second largest trade partner. Chinese Government along with private companies intended to make an investment of \$20 billion in the energy sector of Pakistan and \$30 billion in other sectors as Foreign Direct Investment in Pakistan.

Financing in projects of CPEC not only possess short-term economic benefits but it will meet the long-run economic needs of Pakistan's economy (Li and Sun, 2015). It is one of encouraging aspect that all political parties of Pakistan unanimously welcome the idea of extending the relationship between two countries through this project. Traditionally geostrategic interests of Pakistan and China are specifically converged around several areas of bilateral and strategic interests. There are four communal aspects on which both nations combined together including internal security concerns, concerns of the energy sector, geostrategic interests and areas of economic cooperation (Mezzera & Marco, 2011).

Abid and Ashfaq (2015) explained in their study that CPEC is expected to contribute to bringing peace and prosperity to the region of South Asia. The government of Pakistan is experiencing several internal as well as external impediments in successful implementation of this project. Major advantages include improvement in the trade and economy, overcome energy crisis, enhance regional connectivity, establish people to people contact in both countries and develop the infrastructure of Pakistan.

Shaikh (2016) presented their study on prospects of Pakistan-China Energy and Economic Corridor, they described that being the second world's largest energy consumer, China devised sound policies for its energy sector. Among these policies, energy security is most crucial one specifically the security of oil supply chain. China trade through sea route via the Strait of Malacca but it is facing various kinds of challenges like territorial disputes, geopolitics and pirate attacks. CPEC will provide an alternative to China and reduces its dependency on the strait.

Bokhari (2016) reported in Financial Times that due to the limitation of Pakistan's security forces, China should engage its own security powers in the area of Kashmir, administered by Pakistan specifically in tribal territories. It was reported that Pakistan military has requested by Beijing to take control of

CPEC from the civilian government due to the inefficiency of decision making of civilian government.

Brewster (2016) elucidated in his study that physical location of Indian Ocean has provided control to some forces while excluded the others. "China Maritime Silk route/One Belt One road initiative" has increased the benefits in the ports of Indian Ocean and planned to connect China with the Indian Ocean through land route which brings Pakistan in the limelight and raises the strategic importance of the South Asian region.

### **Suez Canal**

Kenawy (2015) analyzed that present Suez Canal considered as the most vital routing lanes in the world. The world one-tenth trade goes by it. The present Suez Canal is not used as its economic significance as there are no extra ports services, logistic and industrialized centers, ship repairs and maintenance workshops, stores and shipment trade, etc. as present in other states. However, the Suez Canal cannot manage with such challenges apart from its involvement to give appealing benefit for world trade. Suez Canal income considered as the third source of Egyptian state income after abroad labors remittances and tourism segment. It represents approximately 5% of GNP and 10% of GDP.

Kenway (2016) analyzed the Suez Canal plan and development represents a key high point for economic growth in a program of President Sisi and his new regime. The latest Suez Canal and its neighboring area will build to achieving military, political, monetary, trade and economic advantage to Egypt. The latest Suez Canal plan and development require strong political support for strategic project proficient in rivaling Israel's aggressive projects.

Bhattacharya (1982) stated that the Suez Canal is one of the significant waterways of the world. Egyptian King Neclio, attempt to build the canal. It was finally launched in 1569 linking Port. It gives the shortest sea route between the Atlantic Ocean and Indian and Western Pacific Oceans by Gibraltar. Because of all these evolutions, it is not to be expected that the Suez Canal will boost its strategic and economic value in the future.

Weitz (2000) analyzed the growing strategic value of oceanic chokepoints with past assessment of three key waterways: (i) Gibraltar, (ii) Suez Canal, and (iii) Panama Canal. All three oversee a huge number of business trading vessels in a period of harmony and have enhanced the armed forces power of their occupiers in a period of war. Strategic value seems to have to decrease since the ending of the Cold War.

Feyrer (2009) analyzed that the impact of a gap in trade in term of distance and trade on earnings. Explain short-term shock to distance on the closing of the Suez Canal in 1967 and reopening in 1975. Distance has a great impact on trade and trade is considered to have a major impact on revenue. Associated to trade with such foreign direct investment and multinational contribution are important and result in increased income. This may be helpful in assessing policies planned to enhance trade such as Tariff reductions.

Fletcher (1958) narrated that the canal expressively altered shipbuilding methods and ways and contributed to the swift

decline in the significance of the navigating ship as a key world carrier. Suez assisted to bring about decrease realignment and comparative decline of the European entrapped trade. And the innovative channel directed to significant modifications in the forms of Eastern and Australasian commerce.

Schoyen and Brathen (2011) narrated that the navigational distance through the Northern Sea Track from a Northwest of European seaport to the Distant East is almost 40% shorter paralleled to the route through the Suez Canal. Lest the schedule trustworthiness is improved, the NSR should principally be discovered for bulk instead of for lining shipping. NSR is the prevalence of seasonality. Supplementary shipping routes possibly will give more elasticity.

Por (1971) analyzed that a century has passed for the progress of biogeographical tests with the inauguration of the Suez Canal. The species migrate between two bodies of water with the substrates and water slides in the Canal and may be hindered by the construction of dams. The Suez Canal has developed to modern ships, new sections with bypasses, two-way traffic and shortest route among Europe and Distant east. The Suez administration is trying to maintain the world's principal logistics hub and its monopolistic situation (El-Sakty, 2014).

Omran (2016) elevated this research on early threatening systems for ecological monitoring especially in Suez Canal in which the acknowledged threat is water table. Early/primary warning information systems or structures (EWISs) have verified and implemented using numerous sensors. The consequences of assessment analysis demonstrated that although the healthier opportunities prevail with the complications of creating successfully operational EWISs.

Abbas and El (2015) delivered a summary of existing and scheduled maritime structure of the Red Sea. It is also debated whether the structures in the Red Sea have the ability to absorb the anticipated increase in trading. The study mainly deals with the debate of the risks and prospects which prevails in the Suez Canal Area Development megaproject. It handles the issues mainly from logistics activities, improvement, future approaches and transport procedures. It is purposed that the significance of the structural framework, services offered and countries cooperation of a maritime artery is necessary to be competitive.

Mostafa (2004) explained that no doubt the Suez Canal is one of the most important artificial waterways over the worldwide, rivaled probably merely by the Panama Canal, there is no too much research has been completed into anticipating its traffic flows. The study uses both univariate Autoregressive Integrated Moving Average (ARIMA) and Neural network models to predict the maritime transportation flows in the Suez Canal that is measured in tons. Both models are used in this paper for their unique specifications for the measurement of maritime traffic streams with time to time since its reopening in 1975 till 1998.

Lapidoth (2015) explained that The Suez Canal closed for eight years and it was reopened to international traffic in 1975 with the same flow as in 1967. At the end of 1975, the first shipment towards the Israeli port was regulated by Greek freighter Olympus. So, the opening of the canal is generally

important for international navigation and particularly for Israeli with the bright future aspects of the area.

Notteboom (2012) investigated the cape route as an alternative competitive route against the Suez route. By using the distance, transit time and widespread cost analysis it is showed that the cape route can be used as an alternative due to the 11 trade lanes. The Cape May become more economical owing to the sophisticated canal transit fees, greater hollow costs, improved container economics and used pricing strategy as well. The anticipated emergence of this cape route is an improved southern trade volume between Asia and other regions.

### **Panama Canal**

Carse (2015) explored that the Panama Canal needs a vast capacity of fresh water. About 52 million gallons are released into the Atlantic and Pacific oceans with each of the 35–45 ships that transfer the canal every day. The water that helps inter-oceanic shipping and global joining falls as rain across the watershed nearby the canal and is achieved by a widespread scheme of locks, dams, and hydrographic places. This expertise which relates to the general concerned of substructure as hardware was constructed during the early 20th century.

Frenkel (2002) in this paper discovers why the Panama Canal Zone constructed as a hyper-American different from across countryside, cities, and people. It tells that American representations of Panama and Panamanians got a recognizable Panama Canal Zone residential landscape. Canal Zone towns were made to exit white American persons from others, especially a natural landscape (the Panamanian jungle) other cultural landscape (Panamanian Cities), and other people (the West Indian Panama Canal labor force and Spanish-speaking Panamanians)

Salin (2002) reported that the Panama Canal development is graded to affect global transportation trade ways. The Panama Canal's competitors for transportation from Asia to the U.S. East Coast are the U.S. Intermodal method and the Suez Canal. The Panama Canal is a shortcut route, targeting its maximum capacity. However, this issue will be resolved by 2014 when the Panama Canal Expansion Project is finished. The Suez Canal route competes with the Panama Canal in the South and Southeast Asia, US East Coast way because of its short diversion time of 21.1 days US. Has the shortest ocean diversion time (Asia to U.S. West Coast) of 12.3 days?

Woodring (2002) explained that the establishment of the Canal Zone and joining parts of Panama range in a new formation and member names--Gatuncillo formation, Quebrancha limestone member of Camilo formation, La Boca formation, and Pedro Miguel agglomerate proposed an official Panama Canal reports are defined.

World Affair Institute (1912) explained that the working of the British government having a protest against the proposal dawn in the US Senate to relief ships busy in coastwise trading from the billing of tolls for transportation via Panama Canal when opened raised a controversy of unusual importance. If the struggle which certain Senators are making to restrict the proposed law, and then to get the development of the

controversy, are not successful, then the question will definitely have to go to The Hague Court for examination.

Lowa (1880) explored the determined availability of the climate of Panama. The probability of developing the works required to maintain maritime communication at still sea-level between the two oceans without either locks or tunnels; the possibility of completing out the process approved by the Congress of 1879. Wambaugh (1911) explained that the Canal is part of the territory of the country through which it crosses, the specific rule of sovereignty given to the country. This specific rule is to enable modification. Then, the Suez Canal is wholly in Egypt, a right of fortification lies with Egypt, or with its suzerain.

Huebner (1915) realized that the importance of the Panama Canal is doubled. Firstly, it is a valuable naval asset in that it capable the US and other countries, not at war with the US to transport naval vessels between the Atlantic and Pacific oceans in the short period of time. Secondly, the canal has an unanswered economic value, so much difference of opinion as to the extent of this value and the policy best suited to enhance the canal's economic efficiency. Thatcher, (2000) reported that we are in the absorbing period of the world's history. Not only is development in the arts and sciences but the universal warfare and the simplest recital of the day's events flashed to all the ends of the globe.

American society of international law (1913) explored that the Senate and House of Representatives of the US assembled the zone of land and land under water of the width of 10miles to the distance of 5miles on each side of the center line of the way of the canal now being constructed which zone started in the Caribbean Sea 3 marine miles from the low-water mark and to and across the Isthmus of Panama into the Pacific Ocean to the distance of 3 marine miles from mean low-water mark, excluding there from the cities of Panama.

Johnson (1903) enlightened that the passage of the Act of Congress, approved June 28, 1902, "To provide for the construction of a canal connecting the waters of the Atlantic and Pacific Oceans," was the first decisive action taken by the US Government to secure an isthmian canal. The second step was taken on March 17, 1903 when the Senate ratified the treaty that had been negotiated with Colombia to secure for our country the concession necessary for the canal's construction and management. The action of the Senate promises to remove the third and last obstacle in the way of beginning the actual work of construction.

Daggett (1915) examined the official figures published in the Canal Record shows that the total cargo tonnage passing through the Panama Canal during the thirteen months from August 1914 to August 1915 inclusive amounted to 6,250,598 tons. This was not a small business compared with that predicted, nor does the deviation of transcontinental freight from rail to water lines seem to have been significant. Yet the opening of the Canal has produced certain important special effects upon transcontinental railway rates which it is the resolution of this paper to describe.

Knapp (1910) preceded an intelligent discussion of the status of the Panama Canal regarding freedom of passage and inviolability in war, which have so generally and so loosely been spoken of as " neutralization " even in official documents of the latest date, it will be necessary first to examine the treaty obligations of the United States under which the Canal is now under construction, and which define the powers of control over it when it shall be finished.

**Table 2: Comparison**

PANAMA	SUEZ	CPEC
<b>OBJECTIVE</b> 1. To increase profitability. 2. To expand the range of services and products. 3. To efficiently manage the volume and quality of the water resources. 4. To increase productivity. 5. To implement business practices, this will enhance good corporate governance.	According to N Gage Consulting S.A.E (2016) report, 1. To obtain Foreign Direct Investments (FDI) which consequently Increase foreign exchange earnings 2. To Support export-oriented growth and integrate into global markets 3. To reduce large-scale unemployment by offering jobs 4. To Support a wider economic reform strategy 5. Act as an experimental laboratory for the application of new policies and approaches.	1. To grant China with access to the Indian Ocean 2. To Develop the infrastructure of Pakistan. 3. To expand worldwide trade activities 4. To provide job opportunities and economic development. 5. To Improve the standard of living.
<b>INVESTMENT</b> Panama Canal Project required an investment of \$375 million and its expansion required investment of above \$5 billion (Infographic,2014)	According to SRM (2015) report, The Canal's expansion required US \$8.2 billion investment. It has a long-term strategic vision, and its objective is to make Egypt's economy as a center of world trade.	It is estimated that CPEC is a project of \$69 billion investment.
<b>GDP</b> Panama Canal Project generated 3.5% GDP in the year of its commencing.	According to SRM (2015) report, The revenue generated by the Suez Canal between July 2014 and March 2015 amounted to \$4.1 billion, up by 2.5% compared to the same period of the previous year	The current GDP growth rate of Pakistan is near 5%, but it is expected that CPEC will add 2.5% to the economic growth of Pakistan making it 7.5%. (The Wall Street Journal, 2016)
<b>REVENUE</b> In 2015 Panama Canal reported \$2.61 billion in total revenue which was 8 percent beyond the budget forecast.	According to SRM (2015) report, The Suez Canal generated for Egyptian Authorities revenues of over US \$5 billion and in 2014 this accounted for almost 2% of the Egyptian GDP.	It will generate a huge amount of revenue annually in form of transit fee and boost the economy of Pakistan.
<b>IMPORT AND EXPORT</b> One significant advantage of this canal is that it is easy in commodity exchange that's why dollar's value increases.	According to SRM (2015) report, The Suez canal provides lower costs to importers and exporters for holding of cargo on a world scale amounts to a discounted value of US \$4.12 billion.	Having a CPEC investment there will be more exports which improve the balance of trade and ultimately Pakistan's currency value increase.

#### **GLOBAL TRADE**

The Panama Canal carries 5 % of global trade. It shows that it is a very important canal not for Panamanian only but as well as for other countries.

According to SRM (2015) report, The Suez Canal plays a key role in world trade. It contributes 10 % of global trade. The effects of the specific development of transport system in Egypt will positively influence its trade whose revenue is about the US \$ 2384 billion (which is twice the value of goods that pass by Panama Canal).

It is forecasted that CPEC will influence world trade significantly.

#### **EMPLOYEES**

It has created more than 5,000 jobs

According to the University of Florida (2011) report, The Canal's provides employment to 13000 employees who, with a strong sense of belonging and pride, work to generate benefits for an entire country.

It is expected that CPEC will provide more than 2 million employment opportunities (Dawn,2016)

CPEC is considered to be a game changer not only for Pakistan but for the whole South Asian region. If this project successfully surpasses the challenges and obstacles put forward by opposing forces and accomplished within the assigned tenure, then it will open the gates of economic prosperity in Pakistan. Our study evaluated various areas of economic improvements brought by Suez and Panama Canal projects and guided to anticipate economic reforms CPEC can offer. Findings of the study provided that alike Panama and Suez Canal CPEC will enhance the economic productivity of Pakistan as it is expected that it will contribute to increasing GDP of Pakistan by 2.5%.

The \$69 billion investment in CPEC is far greater than investments in Panama and Suez Canal projects. Trading activities in Pakistan will be enhanced as a result of CPEC which can help to reduce the trade deficit of Pakistan. Panama and Suez Canal Projects have impacted the global trade similarly CPEC will reform the trading activities of the South Asian region. Alike Panama and Suez Canal project CPEC has offered various employment opportunities. It is approximated that more than \$ 2million employment opportunities will be provided by the CPEC including 0.7million direct jobs which will improve the living standard of around 30m people and help to reduce the unemployment in Pakistan. More important special security forces will be appointed on this corridor which again granted job opportunities. In order to accomplish various projects of CPEC, it is expected production capacity of cement in Pakistan will raise from 45m to 65m tons which also enhances employment level within the country

#### **CONCLUSION**

It is a basic responsibility of every state to provide its general public with basic facilities like infrastructure, employment, transportation, education, food and better living standard. Current Government of Pakistan is trying to serve better than previous Governments to bring change in the region. Especially Government of Punjab is active in assisting its public with

facilities of better roads and infrastructure, employment opportunities, scholarships and laptops schemes for students. A step ahead has been initiated when Government has strengthened its kinship ties by entering into the project of CPEC.

CPEC includes the forecasting spending of 25% on infrastructure and 75% power projects. GDP will rise from 5% to 7.5% with CPEC application. This one belt one road initiative will provide 2 million jobs. Likewise, exports will increase by 25 billion and a huge sum of revenue will be generated in form of transit fee. Along with these projections, there are some caveats for the successful implementation of CPEC like political instability, security issues, lack of skilled labor, and relation with other countries. If we overcome these problems, we can make CPEC the best proposal which will lead to improved living standard in Pakistan.

This study revealed that CPEC is a huge project as compared to projects of the Panama Canal and Suez Canal. These two projects have induced various benefits for their respective regions but this massive scale project of CPEC has the ability to generate far more superior benefits than these two projects and prove it to be a game changer for the entire South Asian region. A project of CPEC is in progress and not reached at the stance of generating financial benefits, it will take time to reap financial fruits from this project, subjective nature of the figures used for discussing benefits of CPEC limits our study, as based on estimates and projections. Future studies on the concerned topic will expand the comparative horizon by using actual figures of economic improvements brought by CPEC.

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