



## Additional Funding for CPEC

### Why in news?

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China has approved additional financing for infrastructure projects in Pakistan under the China Pakistan Economic Corridor (CPEC).

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### What are the implications?

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  - The CPEC is being funded through a mixture of loans and grants by the Chinese government or Chinese state-owned companies.
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  - The cost escalation from \$46 billion in 2014 to \$62 billion in 2017 has raised fears of Pakistan walking into a debt trap.
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  - The CPEC, a collection of infrastructure projects originally valued at \$46 billion in 2014, has seen a cost escalation of nearly 40 per cent.
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  - The CPEC aims to develop the port of Gwadar in Baluchistan and link it with a network of highways and railways to western China passing through the whole of Pakistan and the Gilgit-Baltistan region of Jammu & Kashmir.
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  - Another goal is to add over 10,400 Mw of electricity generation in Pakistan, largely from fossil fuels, although hydroelectric, wind power and solar energy farms are also included.
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  - There is also a plan for a network of pipelines to transport liquefied natural gas from Gwadar to consuming centres in Pakistan.
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  - Pakistan benefits through improved infrastructure and an end to crippling power outages.
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- But Pakistan's financial situation has been precarious in recent years and the government had to take the help of the IMF to escape bankruptcy a few years back.

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### **What are the concerns for India?**

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- The CPEC poses a clear and imminent danger to Indian security interests, particularly as it passes through parts of J&K.
- Indian defence planners will have to reassess their strategies to deal with these new threats.
- Pakistan has been the beneficiary of Chinese nuclear and missile technology which were supplied in violation of the NPT.
- Instead of bailing Pakistan out through IMF loans and funding Pakistani terrorist activities through "defence assistance", it is time the US clamped down on Pakistan and treated it as a rogue state.

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**Source: Business Standard**

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