Corridor of Prosperity:

CPEC’s Milestones, Momentum and Promise for Pakistan and the Region

2023–2026



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IICR Special Report

Corridor of Prosperity: CPEC's Milestones, Momentum and Promise for Pakistan and the Region, 2023–2026

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Executive Summary

Between mid-2023 and late 2026, the China–Pakistan Economic Corridor (CPEC) moved from a decade of heavy construction into a second, more selective phase. By late 2024, the Ministry of Planning reported 43 completed projects worth $24.7 billion, with eight more worth about $760 million under way. The official energy portfolio now lists 15 completed plants and lines, including over 9,000 MW of generation and a 4,000 MW HVDC link.

The period delivered three things. First, the last large Phase-I assets entered service: the 884 MW Suki Kinari hydropower plant joined the grid, and the New Gwadar International Airport opened, while the Thar coal plants commissioned in early 2023 completed their first full years of operation. Second, both governments formally launched CPEC Phase-II at the 14th Joint Cooperation Committee (JCC) in Beijing on 26 September 2025, built on five corridors of growth, innovation, green development, livelihood and regional connectivity. Third, the two flagship transport projects left the planning stage: China agreed to finance 85% of the $2 billion Karakoram Highway (KKH) realignment, and the Asian Development Bank (ADB) stepped in for the first section of the ML-1 railway.

Two problems held the pace down. Payments owed to Chinese power producers stood near Rs500 billion in October 2026, and militant attacks on Chinese nationals in 2024 raised the cost of every new project. If both are managed, the next phase can spread benefits beyond Punjab and Sindh to Balochistan, Khyber Pakhtunkhwa (KP) and Gilgit-Baltistan, and turn Pakistan into a transit economy linking China, Afghanistan, Central Asia and the Gulf.

Scope and Sources

This report covers July 2023 to October 2026. It asks three questions: what was finished, what moved forward, and what the corridor can deliver for Pakistan, its provinces and its neighbours once the current pipeline is complete.

Project status comes from the CPEC Secretariat at the Ministry of Planning, Development and Special Initiatives, the Pakistan Economic Survey 2025–26 and statements to the National Assembly. Financing and risk data come from Pakistani business and national press (Dawn, Express Tribune, Business Recorder, Profit), Arab News and The Diplomat. Official figures are reported as published; where sources disagree, the range is given. Rupee amounts are converted at the rate each source used.

From Phase-I to CPEC 2.0

CPEC Phase-II was formally launched at the 14th JCC in Beijing on 26 September 2025, ten years after the 2015 agreements that set up Phase-I. Phase-I was built to remove two hard constraints on growth: chronic power shortages and a weak north–south road network. It did that largely through Chinese-financed independent power producers (IPPs) and a few motorway and highway sections.

Phase-II changes the model. Instead of large state-backed loans for power plants, it puts weight on industry, exports, technology, agriculture and people. The JCC agreed five corridors, which Islamabad has aligned with its own "5Es" plan under the URAAN Pakistan programme (exports, e-Pakistan, environment, energy and equity).

Corridor	Main Aim	Matching Pakistani Pillar	Example Initiatives
Growth	Raise exports and industrial output	Exports	Export-oriented SEZs; relocation of Chinese industry
Innovation	Shift from construction to technology and enterprise	E-Pakistan	Data centres, fibre networks, joint AI work
Green	Clean energy and climate resilience	Environment, energy	Hydropower pipeline, disaster management training
Livelihood	Jobs and services in poorer districts	Equity	Schools, vocational training, smart agriculture
Regional Connectivity (openness)	Link Pakistan to regional supply chains	Exports, energy	KKH, ML-1, Gwadar, extension to Afghanistan

The framework rests on two further documents: the 2017–2030 Long Term Plan and a 2025–2029 Action Plan agreed by both governments, both published by the CPEC Secretariat. Prime Minister Shehbaz Sharif's visit to Beijing in May 2026, marking 75 years of diplomatic ties, added a new set of agreements and memoranda. Implementation is tracked through regular progress review meetings; the 93rd was held on 7 October 2026.

Projects Completed and Advanced, 2023–2026

The energy portfolio is effectively complete: 15 projects are listed as finished and six remain in the pipeline, against a total of 21.

Energy

Source	Projects	Capacity (MW)	Province / Region
Imported and Thar coal	7	6,600	Punjab, Sindh, Balochistan
Hydropower (Karot, Suki Kinari)	2	1,604	AJK/Punjab, KP
Solar (Quaid-e-Azam Solar Park)	1	1,000	Punjab
Wind (four Thatta farms)	4	300	Sindh
Matiari–Lahore ±660 kV HVDC line	1	4,000 evacuation	Sindh to Punjab
Total Generation	**14**	**9,504**	

Table 1. Completed CPEC Energy Projects by Source (official listing)

The Secretariat lists the solar park as 400/600 MW; the full 1,000 MW site is used here. Two coal plants at Thar (Shanghai Electric's 1,320 MW Block-I and the 330 MW ThalNova plant) reached commercial operation in early 2023. Their significance in this period is that they burn local lignite, which cuts the import bill and ties Sindh's coalfield into the national grid. The 884 MW Suki Kinari plant in Mansehra was the main hydropower addition.

Project	Capacity (MW)	Location	Type
Kohala Hydropower	1,124	AJK	Hydro
Thar Oracle mine-mouth plant	1,320	Sindh	Local coal
Azad Pattan Hydropower	700.7	AJK/Punjab	Hydro
Gwadar coal-fired plant	300	Balochistan	Coal
Cacho and Western Energy wind	100	Sindh	Wind

Table 2. Energy Projects in The Pipeline

Of the 3,545 MW still to come, 54% is hydro or wind. That fits the Green Corridor, but none of these projects can reach financial close until the payment arrears discussed below are settled.

Transport and Gwadar

Gwadar Port now handles general cargo, containers and bulk, takes ships up to 50,000 DWT and has processed Afghan transit consignments. The Eastbay Expressway gives it a signal-free link to the free zones and the Makran Coastal Highway, and a second phase to connect the

airport is proposed under a Chinese grant. Four further road schemes are under study by a joint working group: N-50 D.I. Khan–Zhob, the Mirpur–Mangla–Muzaffarabad expressway, the M-10 motorway and the Babusar Tunnel.

Date	Project	Milestone
Jul 2026 –	ML-1 Karachi–Rohri (480 km)	Groundbreaking moved into FY2027; ADB approval of a $2–2.5 billion package sought (Profit, Sep 2026)
Jun 2026	KKH Thakot–Raikot (241 km)	Phased plan and 85:15 China–Pakistan financing agreed; financing agreement in final stage (APP / Economic Survey 2025–26)
Dec 2025	ML-1	ADB project readiness financing signed (Dawn)
Sep 2025	KKH realignment	China agrees to fund 85% as a special case (Express Tribune)
Jan 2025	New Gwadar International Airport	Commercial operations begin at the $230 million airport (Arab News)
Oct 2024	New Gwadar International Airport	Completion marked by both prime ministers (CPEC Secretariat)
Jun 2024	KKH Thakot–Raikot	Framework agreement signed in Beijing

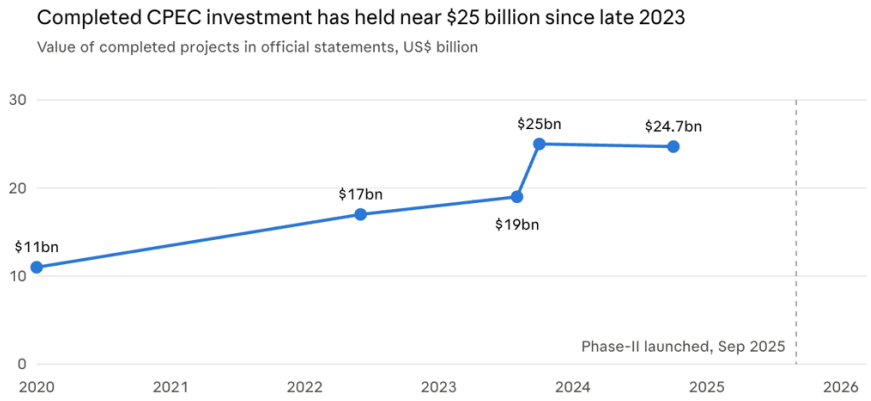
Table 3. Main Transport and Gwadar Milestones in The Review Period

Industry and Social Sector

The nine-SEZ programme has narrowed to a few working sites: Rashakai in KP ($146 million), Allama Iqbal Industrial City in Punjab ($160 million in provincial support), Dhabeji in Sindh ($27 million) and Bostan and Gwadar Free Zone Phase-II in Balochistan. Social projects funded by Chinese grants include renovation of 50 schools in KP's merged districts ($15.7 million) and $116 million for rebuilding flood-damaged infrastructure. China also committed 3,000 training places for Pakistanis over 2025–2029.

Economic Assessment: What The Corridor has Changed

The value of completed CPEC work has stayed close to $25 billion since late 2023. The plateau is a sign of a finished first phase, not a stalled one: the large power and road projects are built, and Phase-II money is only now being arranged.



Power Supply

CPEC plants added more than 9,000 MW of generation, and the HVDC line created a dedicated route to move southern power north. Load-shedding of the kind seen in 2012–2015 is no longer the main constraint on industry. The question has moved from shortage to cost: capacity payments on the new plants now weigh on tariffs and on the government's budget.

Payment Arrears

Money owed by the Central Power Purchasing Agency to Chinese IPPs has stayed high throughout the period, as Table 4 shows. Beijing declined a request to waive about Rs170 billion in late-payment surcharges, and the cabinet ruled that its Rs1.225 trillion circular-debt facility could pay Chinese IPPs only if they accepted revised terms. The dispute matters beyond the power sector: China has tied new financing, including the KKH, to a working revolving account for power payments.

Date	Amount owed
Oct 2026	Rs498 billion
Jun 2026 (end FY2026)	Rs423 billion
May 2026	over Rs560 billion (about $2 billion)
Jun 2025	Rs430 billion

Table 4. Reported Arrears to Chinese IPPs (Source)

Security

Five Chinese engineers were killed near Besham in KP in March 2024, and two more in a suicide bombing near Karachi airport in October 2024. Official counts put Chinese deaths at 20 in 14 attacks since 2021. The attacks delayed the start of operations at Gwadar airport and raised insurance and protection costs on every site. Pakistan's response has been to expand dedicated security forces and offer firm guarantees at each high-level meeting, most recently during the May 2026 visit to Beijing.

Financing Model

The new pattern is mixed finance. ADB is leading the first ML-1 section, China is lending for the KKH on concessional terms and providing grants for Gwadar and social projects, and the SEZs rely on private and provincial money. This spreads risk and reduces Pakistan's dependence on a single creditor, at the cost of slower decisions.

What Each Province Gains

Phase-I benefits went mainly to Punjab and Sindh, where most power plants and the motorway sit. Phase-II is planned to shift the balance: its largest remaining items, the KKH realignment, the Gwadar works and the mining corridor, lie in KP, Gilgit-Baltistan and Balochistan.

Province / Region	Assets in Place	In The Pipeline	Main Gain Once Complete
Punjab	Sahiwal coal plant, Quaid-e-Azam Solar Park, Lahore Orange Line, HVDC terminal, Allama Iqbal Industrial City	ML-1 Multan–Lahore–Rawalpindi sections	Cheaper rail freight for textiles and manufacturing; jobs in the Faisalabad SEZ
Sindh	Port Qasim and Thar coal plants, four Thatta wind farms, Multan–Sukkur motorway (southern half), Dhabeji SEZ	ML-1 Karachi–Rohri, Thar Oracle plant, two wind farms	Thar lignite as a national fuel; Karachi port–rail link; about five hours off Karachi–Lahore rail trips
Khyber Pakhtunkhwa	Hakla–D.I. Khan motorway, Havelian–Thakot KKH, Suki Kinari hydro, 50 renovated schools	KKH Thakot–Raikot, Rashakai SEZ, Peshawar–D.I. Khan and Dir motorways	All-weather China link; industrial jobs at Rashakai near Peshawar
Balochistan	Gwadar port, airport, Eastbay Expressway, Hub coal plant, vocational institute	Gwadar Free Zone II, Bostan SEZ, Eastbay Phase-II, Nokundi–Gwadar mining corridor, Gwadar coal plant	Mineral exports through Gwadar; local jobs; reliable power and water for Gwadar city
Gilgit-Baltistan	Khunjerab–Rawalpindi optical fibre cable, upgraded KKH	KKH Thor Nullah–Raikot relocation (102 km), Babusar Tunnel	Year-round border trade and tourism
Azad Jammu and Kashmir	Karot hydro (shared with Punjab)	Kohala and Azad Pattan hydro, Mirpur–Mangla–Muzaffarabad expressway	Clean power and water-use income

Table 5. Provincial Distribution of CPEC Assets and Expected Gains on Completion

The ML-1 travel-time estimate comes from the Railways Minister; ML-1 carries about 80% of passengers and 90% of freight on Pakistan Railways.

The gains for Balochistan depend most on local ownership. Gwadar has long seen projects arrive before water, power and jobs for residents. Projects completed since 2022, such as linking Makran to the national grid and the distribution of boat engines to fishermen, show that

the livelihood corridor can reach local people when it is planned with them. Hiring quotas, provincial royalties on minerals and a clear share of port revenue would make that support durable.

Regional Connectivity and Stability

The most important regional step of the period was the agreement to extend CPEC into Afghanistan. It was first reached at an informal trilateral meeting in Beijing in May 2025 and confirmed at the Sixth Trilateral Foreign Ministers' Dialogue in Kabul on 20 August 2025, where the three sides also pledged joint action against militancy.

The argument for linking development and stability runs both ways. Roads, rail and power give landlocked Afghanistan and Central Asia a shorter route to the sea through Gwadar and Karachi, and give Pakistan transit income. Shared commercial stakes, in turn, give Kabul and Islamabad a reason to manage their border disputes. Pakistan used the Kabul meeting to press for "verifiable" action against cross-border groups, so trade and security are now discussed at the same table. Relations between the two neighbours remain volatile, and the extension is still a political agreement rather than a list of financed projects.

- **Gulf and West Asia:** Gwadar sits about 600 km from the Strait of Hormuz. ML-3 (Rohri–Quetta–Taftan) and the coastal highway can tie it to Iran, and Gulf capital is already present in CPEC; Qatar's Al Mirqab co-owns the Port Qasim plant.
- **Multilateral Partners:** ADB and AIIB joined a financing consortium for ML-1 in September 2025. This widens CPEC from a bilateral project into one with broad international ownership.

For Pakistan, the strategic value is in becoming a transit economy that several neighbours depend on. A corridor used by Afghan, Central Asian and Gulf traders gives each of them a stake in Pakistan's stability.

Conclusion

CPEC's record from mid-2023 to 2026 is one of completion and renewal. The power plants, motorways, fibre link and Gwadar assets of Phase-I are built and working, worth about $25 billion. Phase-II now has a clear framework in the five corridors, a committed financier for the first ML-1 section, and Chinese money for the KKH realignment.

The corridor's value for Pakistan will be judged less by new announcements than by three practical tests: steady payment to the power producers already supplying the grid, the safety of the people building the next projects, and a fair share of gains for the provinces through which the corridor runs. Pakistan and China have met harder tests in 75 years of partnership. Meeting these would turn CPEC into what both governments intend it to be: a working link between western China, South and Central Asia and the Arabian Sea.



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