



The Role of China-Pakistan Economic Corridor (CPEC) in Addressing Unemployment in Pakistan

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Abstract

The China-Pakistan Economic Corridor (CPEC), a flagship project under China's Belt and Road Initiative (BRI), holds significant potential for transforming Pakistan's economic landscape. This study examines the role of CPEC in addressing unemployment in Pakistan by analyzing its impact on job creation across sectors such as infrastructure development, energy, transportation, and industry. Using secondary data from government reports, academic studies, and international financial institutions, the research highlights that CPEC has generated both direct and indirect employment opportunities, particularly in construction, logistics, and ancillary services. The establishment of Special Economic Zones (SEZs) under CPEC is expected to further enhance industrialization, attract foreign investment, and create long-term employment prospects. However, the study also identifies challenges such as skill mismatches, uneven regional development, and limited participation of the local labor force in high-skilled positions. It concludes that while CPEC has contributed meaningfully to reducing unemployment in the short term, its long-term success in addressing structural unemployment depends on effective policy implementation, vocational training, and inclusive economic planning.

Key Words: China-Pakistan Economic Corridor, China's Belt and Road Initiative, Pakistan, Unemployment, Special Economic Zones



Introduction

Pakistan and China are two major players in Asia, particularly in South Asia. Pakistan is the most important Muslim country because it is the world's only nuclear power. China is a huge country with huge economic power. Moreover, the country has put a huge investment in infrastructure in South Asia to make the economy of Asian countries and to build economic integration. The main objective of this study is to investigate the role of the China-Pakistan Economic Corridor (CPEC) as well as study the effects of CPEC on the relationship between Pakistan and China (Shah et al., 2022).

The work that existed in the past 19th century was all about industries, expansions of territories, competition, and war between two superpowers but as the world stepped into the 20th century the priorities of the World changed and all the countries across the globe wanted to enrich their economic resources and we can see the most powerful countries exist in the world are most powerful in terms of money So Pakistan and China the old and traditional friends also needed to increase their mutual benefits and strengthen for economic enhancement. Since the start of the 21st century, both countries push their efforts to the limits to get a good relationship with each other to boost the economic, social, cultural, and political values of both countries and also enhance relationships In terms of defense and become good friends in this strategic region and later on both countries stakeholders wanted to achieve a major mile-stone which was launching CPEC project to encourage the strong relationship between two countries and give new heights to their economic, political, social and cultural values of both countries. This project not only supports any individual country relatively but this project is mutually beneficial for both countries in terms of infrastructure and strategic partnership however from this project most of the other regional actors can take benefit from it, When two of the countries were initiating the project, the Chinese president, Mr. Xi Jinping explaining the projects benefits that It can lead to empowering the strategic, diplomatic and defense relationship between both countries and also with that we can increase our trade with cost-effective strategy relatively with other old mediums of trade and also it is the focal point of our development to reach to Gwadar Port with that humongous cost of project china is planning to invest a huge amount in energy and industrial sectors which is going to benefit Pakistan for the long run (Ali, 2022)

China Pakistan Economic Corridor was officially launched in 2015 when the president of China was visiting in April. It was decided that the Xinjiang province of China and Gwadar port of Pakistan will be connected through roads and railways. Out of many ways in which this project could help boost our economy, one thing which was of utmost importance was that the Chinese government would hold an area under their control and would do all the necessary construction according to the need of the project which would help Pakistan in gaining better facilities of commute and communication for their people and as a result of this project, the infrastructure was improved quite a bit (Ahmar, 2020) Economic stability is very important for every state in this era to hold a strong position on



the globe. Many countries go for unions with other states to be economically stable and, Pakistan and China did the same by signing this economic corridor because they are working as a team this helped Pakistan in improving its position and image worldwide which would attract more states to form organizations and unions with Pakistan for economic stability. In this way, Pakistan can gain more investments and trade and business opportunities from all over the world and she can improve its relationship with many countries which would ensure security and stability in all (Makhdoom et al., 2018). The project is about building a network of highways and railway tracks that will spread throughout the country, connecting all the provinces of Pakistan and further connecting them to China's Xinjiang province. The modern roads to be built under CPEC will connect the ports of Karachi and Gwadar to the Northern areas of Pakistan. Pakistani officials predict that the CPEC will be generating an average of 2.3 million jobs between the span of 2015-2030, which as a result, will add to the country's economic growth (Akber, 2009; Allauddin, et al., 2020).

Statement of the Problem

Unemployment remains one of the most pressing socio-economic challenges facing Pakistan, contributing to poverty, social instability, and slow economic growth. Despite various development initiatives, a significant portion of the labor force, particularly youth and educated individuals, continues to face limited job opportunities. The China–Pakistan Economic Corridor (CPEC), launched as a flagship project under China's Belt and Road Initiative (BRI), has been widely regarded as a potential game-changer for Pakistan's economy. It promises large-scale investments in infrastructure, energy, industry, and trade connectivity, which are expected to generate employment and stimulate economic activity. However, questions remain regarding the extent to which CPEC has effectively contributed to reducing unemployment in Pakistan. While government reports and policy statements highlight job creation as a major outcome of CPEC projects, independent assessments suggest that the benefits may not be evenly distributed across sectors, regions, or skill levels. Moreover, concerns persist about the sustainability and inclusivity of the employment opportunities created under CPEC. Therefore, it is essential to critically examine the actual impact of CPEC on employment generation in Pakistan—both in quantitative and qualitative terms—and to identify the factors that enhance or limit its potential to address the country's unemployment problem.

Rationale of the Study

Unemployment has long been one of the most pressing socioeconomic challenges in Pakistan, adversely affecting the country's economic stability and social well-being. With a growing youth population and limited employment opportunities, Pakistan faces increasing pressure to create sustainable jobs and promote inclusive economic growth. In this context, the China–Pakistan Economic Corridor (CPEC)—a flagship project under China's Belt and Road Initiative—has emerged as a major development initiative aimed at transforming Pakistan's economic landscape through infrastructure development,



industrialization, and energy sector improvement. CPEC's potential to stimulate economic activity and generate employment across various sectors—such as construction, transportation, energy, and industry—makes it a vital area of academic and policy interest. By linking underdeveloped regions with major economic hubs and promoting investment in special economic zones (SEZs), CPEC can contribute significantly to reducing unemployment and regional disparities. However, despite the ambitious promises and large-scale investments, questions remain regarding the extent, nature, and sustainability of the employment opportunities created under CPEC. Therefore, this study seeks to examine the role of CPEC in addressing unemployment in Pakistan, with particular emphasis on the types of jobs generated, the sectors most affected, and the regional distribution of employment benefits. The findings of this research will contribute to a deeper understanding of how large-scale infrastructure projects influence labor markets in developing countries. Moreover, it will provide valuable insights for policymakers to design strategies that maximize employment gains and ensure that the benefits of CPEC are equitably distributed across Pakistan's population.

Significance of the Study

The significance of this study lies in its contribution to understanding how the China-Pakistan Economic Corridor (CPEC) influences Pakistan's employment landscape and overall economic stability. Unemployment has long been one of Pakistan's most pressing socio-economic challenges, affecting income distribution, poverty reduction, and social cohesion. By examining the employment generation potential of CPEC, this study provides valuable insights for policymakers, economists, and development planners seeking sustainable solutions to unemployment. This research will help identify the sectors most positively affected by CPEC projects—such as energy, infrastructure, transportation, and industry—and evaluate whether these initiatives create short-term construction-based jobs or long-term employment opportunities. Moreover, it highlights the potential spillover effects of CPEC on local entrepreneurship, skill development, and regional economic integration. From a policy perspective, the study's findings can guide the Government of Pakistan in formulating strategies to maximize employment benefits, ensure equitable regional development, and enhance workforce readiness for future CPEC-related opportunities. Academically, it contributes to the growing body of literature on international development partnerships and their socio-economic impacts in developing countries. Ultimately, this study is significant because it not only assesses the economic benefits of CPEC but also explores its role in addressing one of Pakistan's most critical challenges—unemployment—thereby offering a roadmap for inclusive and sustainable economic growth.

Research Methodology

This study employs a quantitative research approach to examine the role of the China-Pakistan Economic Corridor (CPEC) in addressing unemployment in Pakistan. The quantitative method is chosen because it enables the systematic analysis of numerical data



to identify trends, correlations, and the overall impact of CPEC-related investments on employment levels. The research relies exclusively on secondary data sources, which provide reliable and comprehensive information on economic and labor market trends. Data was collected from credible national and international sources such as the Pakistan Bureau of Statistics (PBS), Ministry of Planning, Development and Special Initiatives, Pakistan Economic Survey, State Bank of Pakistan (SBP) reports, and publications from CPEC Authority. In addition, relevant World Bank, Asian Development Bank (ADB), and International Labour Organization (ILO) databases will be used to supplement national data. Academic journals, policy reports, and prior empirical studies focusing on CPEC and employment will also be reviewed to contextualize and validate the findings. The analysis was focused on quantitative indicators such as employment rates, sectoral job creation, foreign direct investment (FDI) inflows, infrastructure development expenditure, and industrial growth before and after the implementation of major CPEC projects. Data was collected for a time period covering at least ten years (e.g., 2013–2023) to capture pre- and post-CPEC trends.

Results

Direct Employment Generation through Infrastructure and Energy Projects

One of the most tangible ways CPEC has addressed unemployment is by creating jobs via its infrastructure-and-energy portfolio. For example, energy-sector projects under CPEC have been reported to have employed approximately 46,500 Pakistani nationals. More broadly, by the end of 2022 Pakistan-China diplomatic sources state that CPEC had generated around 236,000 jobs in Pakistan. A more cautious earlier figure cited 190,000 jobs since 2013. These jobs span construction, engineering, operations and maintenance roles, especially in major power plants, wind/solar projects, and road/expressway construction. For instance, one report notes that the “early-harvest” phase created “about 38,000 jobs, more than 75% of which are local jobs” (with 16,000 in energy, 13,000 in transport infrastructure). By providing direct employment, CPEC helps reduce the pool of unemployed workers, absorb labour from local markets (especially in provinces where projects are located), and facilitate skills acquisition (via exposure to international standards and Chinese-partner firms). The improved skills may raise employability even beyond CPEC projects.

Indirect Employment and Spill-Over Effects on Local Economy

Beyond direct jobs, CPEC’s investments generate indirect and induced employment: through demand for local services, supply-chain linkages (cement, steel, transport, and catering), and creation of new economic zones. For example, in the case of transport projects like the Peshawar–Karachi Motorway (Multan–Sukkur section) one estimate shows total employment generated of 15,174, of which 91.5% (13,881) were Pakistani workers. Furthermore, the SEZs being developed under CPEC are projected to produce large employment: for four of nine SEZs the official study projected about 575,000 direct jobs and over 1.2 million indirect jobs. The multiplier effects come from industrialization, local



enterprise development, and improving infrastructure which reduces costs and increases competitiveness of local firms. These indirect jobs help to reduce unemployment by absorbing labour in ancillary industries, services and supporting activities. They also help in diversifying the economy away from solely agriculture or low-value services, which is a key structural step for sustainable employment growth.

Regional and Skill-Based Impacts: Reducing Spatial and Youth Unemployment

CPEC's geography has important implications for unemployment, especially in less developed regions of Pakistan (e.g., Balochistan, Sindh, and Khyber Pakhtunkhwa) where opportunities have historically been limited. By introducing large projects in these provinces, CPEC brings employment closer to under-served areas and can mitigate regional disparities in job access. Moreover, many of the jobs created have required more skilled or semi-skilled labour (engineers, technicians, operators). For example, a report noted that the power plants under CPEC "trained" Pakistanis on-site working alongside Chinese experts. This suggests that CPEC contributes to human capital development: greater skill levels enhance future job prospects for youth and reduce structural unemployment arising from skill-mismatch. In other words, CPEC helps pull in youth and regional workers into the formal construction/industry sector rather than remaining in informal or under-employed states, thereby improving labour market outcomes and reducing unemployment pressure.

Wider Macro-Economic and Structural Employment Effects

Beyond immediate jobs, CPEC is intended to spur broader economic growth, which in turn creates further employment. For instance, early estimates suggested that CPEC could add around 2-2.5 percentage points to Pakistan's annual GDP growth, and enable creation of several hundred thousand direct jobs by 2030. As growth accelerates, firms expand, new industries emerge in SEZs and logistics hubs, and more wage-employment opportunities open up. This structural shift is crucial for long-term employment—for example, transforming Pakistan's labour market from largely agriculture/self-employment toward manufacturing and services. Also, improved energy supply (via power plants) reduces cost constraints for industry, and improved transport infrastructure cuts logistics bottlenecks. Both contribute to raising private-sector capacity for hiring, thereby indirectly reducing unemployment. In sum, CPEC has made measurable contributions to addressing unemployment in Pakistan via direct jobs in energy and infrastructure, indirect employment through ancillary services and economic zones, regional employment benefits, and via longer-run structural growth effects that foster further hiring. For example, the reported creation of about 236,000 jobs by end-2022 is substantial in Pakistan's employment context. Moving forward, realizing the full employment potential of CPEC will depend on timely industrialization of SEZs, strong local-firm participation, skill upgrading of Pakistani workforce, and ensuring the jobs are both sustainable and inclusive.



Discussion

The China–Pakistan Economic Corridor (CPEC) is one of the most significant components of China's Belt and Road Initiative (BRI), launched in 2015 with the aim of enhancing regional connectivity and promoting economic growth through infrastructure development, energy projects, and industrial cooperation. For Pakistan, CPEC represents not only a massive infrastructure investment but also a potential remedy to long-standing economic challenges, particularly unemployment. The project, which includes roads, railways, energy plants, industrial zones, and ports, has generated employment opportunities across various sectors of the economy, directly and indirectly benefiting thousands of workers. One of the primary contributions of CPEC toward reducing unemployment in Pakistan is through infrastructure development. The construction of highways, motorways, and energy projects has required a large labor force, creating both skilled and unskilled job opportunities. For example, the building of the Gwadar Port, the Karakoram Highway expansion, and several power plants across Punjab, Sindh, and Balochistan have provided thousands of construction jobs. Local laborers, engineers, drivers, technicians, and administrative staff have all benefited from these initiatives, which have also spurred employment in ancillary industries such as cement, steel, and logistics. Moreover, CPEC's Special Economic Zones (SEZs) have been designed to serve as long-term engines of employment growth. These zones aim to attract domestic and foreign investors by offering tax incentives, improved infrastructure, and a business-friendly environment. As manufacturing and industrial activities increase within these SEZs, they are expected to create millions of permanent jobs. The Rashakai SEZ in Khyber Pakhtunkhwa and the Allama Iqbal Industrial City in Faisalabad are notable examples, projected to generate employment in sectors such as textiles, automobiles, and technology. This industrialization drive not only reduces unemployment but also helps in skill development and human capital formation. CPEC has also indirectly addressed unemployment by stimulating economic activities in regions previously marginalized due to poor connectivity. Improved transportation networks have opened new markets for local producers and small businesses, particularly in rural areas. This has encouraged entrepreneurship, boosted agricultural trade, and facilitated tourism in northern and coastal regions. Small and medium enterprises (SMEs) have thus found new opportunities to thrive, reducing dependency on government jobs and urban migration pressures.

Despite these positive developments, challenges remain in ensuring that the employment benefits of CPEC are equitably distributed across all regions and social groups. Critics argue that a significant share of high-skilled positions in the early phases of CPEC were filled by Chinese workers due to local skill gaps. Additionally, some regions, such as Balochistan, have not yet experienced the full benefits of employment generation. To address these disparities, the government of Pakistan must prioritize vocational training, technical education, and local hiring policies that enable citizens to fully



participate in and benefit from CPEC-related projects. In conclusion, CPEC has emerged as a vital driver of job creation and economic revitalization in Pakistan. By transforming infrastructure, expanding industrial capacity, and enhancing regional connectivity, it offers a multifaceted approach to addressing unemployment. However, the sustainability of these gains depends on effective policy implementation, equitable resource distribution, and continuous investment in human capital. If managed strategically, CPEC can become a cornerstone for inclusive economic growth and long-term employment stability in Pakistan.

Conclusion

The China–Pakistan Economic Corridor (CPEC) has emerged as one of the most significant development initiatives in Pakistan's modern history, offering substantial potential to address the country's persistent challenge of unemployment. The study concludes that CPEC, as a multifaceted development framework encompassing energy, infrastructure, industrial zones, and trade connectivity, has created both direct and indirect employment opportunities across various sectors of the economy. In the short term, CPEC-related construction projects—such as highways, energy plants, and port expansions—have generated a considerable number of jobs for engineers, laborers, and technical workers. These projects have particularly benefited less-developed regions such as Balochistan and Gilgit-Baltistan, contributing to regional inclusion and reducing socio-economic disparities. The influx of Chinese investment has also spurred demand in local markets, encouraging small and medium enterprises (SMEs) and related service industries to expand their workforce. In the medium to long term, the establishment of Special Economic Zones (SEZs) under CPEC is expected to become the main driver of sustainable employment generation. By attracting foreign and domestic investment, promoting industrialization, and encouraging technology transfer, these SEZs have the potential to create skilled and semi-skilled jobs in manufacturing, logistics, and value-added sectors. Furthermore, the development of transport and energy infrastructure reduces business costs and improves productivity, indirectly supporting job creation in agriculture, mining, and services.

However, the study also identifies several challenges and prerequisites for maximizing CPEC's employment potential. These include the need for human capital development, alignment of education and vocational training with industry needs, ensuring transparency in project implementation, and promoting greater participation of local labor. Without adequate policy measures, there is a risk that the benefits of CPEC may be unevenly distributed or limited to short-term employment spikes. In conclusion, while CPEC is not a complete solution to Pakistan's unemployment crisis, it represents a transformative opportunity to reshape the country's economic landscape and create a more diversified, employment-generating economy. To fully harness its benefits, Pakistan must focus on skill development, institutional reforms, and inclusive policies that ensure local communities actively participate in and benefit from CPEC-led growth. If implemented



effectively, CPEC can serve as a catalyst for sustainable development, industrial modernization, and long-term employment stability in Pakistan.

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