

FROM PROMISES TO PARALYSIS: HOW LOCAL POLITICAL PARTIES UNDERMINE THE BENEFITS OF CPEC

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Abstract

The China-Pakistan Economic Corridor (CPEC) was introduced in 2015 as the main part of China's Belt and Road Initiative (BRI). CPEC was first hailed as a "game-changer" for Pakistan's economic recovery, but over the past ten years, its expected advantages have dwindled because of deeply ingrained internal political factors. According to this study, local political parties have seriously harmed CPEC capacity for integration through centralizing governance, unequal resource distribution, and hostile provincial-federal relations. This study uses Political Trust Theory to analyze how politicization raises investor risk perceptions, undermines legitimacy, and discourages community collaboration. Balochistan, Khyber Pakhtunkhwa, and Gilgit-Baltistan are among the politically delicate and strategically significant areas that are the focus of this qualitative case study examination. Key findings show that while provincial complaints about being left out of decision-making processes have strengthened center-periphery tensions, partisan competitiveness, policy discontinuities, and disagreements over project routing have hampered implementation. With frequent protests, like the "Haq Do Tehreek", interfering with port operations and

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discouraging investment, Gwadar's growth is a prime example of the disparity between prominent strategic assets and little local socioeconomic rewards. Risks are exacerbated by Balochistani security politicization, and Special Economic Zones (SEZs) performance suffers from political sitting and inadequate intergovernmental coordination. According to the study's findings, CPEC physical infrastructure will continue to fall short of the promised economic transformation in the absence of reforms to improve transparency, equitable resource distribution, and provincial participation. As a result, the long-term developmental impact of the project will be limited by the existing political structures.

Key words: CPEC, Governance, Federalism, Marginalization, Politicization

Introduction:

China–Pakistan Economic Corridor (CPEC) project is launched in 2015 as a flagship project of China's Belt and Road Initiative (BRI), the project was intended to be a transformative infrastructure and connectivity program that connected China's Xinjiang province to Pakistan's Gwadar Port via a network of industrial zones, roads, railways, and energy projects (Wolf, 2019). At an estimated cost of more than 62 billion US \$, CPEC was expected to boost industrial activity, improve energy security, and create jobs in addition to bolstering bilateral commerce and accelerating Pakistan's domestic economic growth (Rafiq, 2021).

At first, CPEC created a great deal of hope among local communities, corporate executives, and officials who saw it as a "game-changer" for Pakistan's low economy (Small, 2020). However, after ten years of implementation, the project's benefits seem to be waning, as several stakeholders have voiced

discontent with the pace of progress, decision-making transparency, and gain distribution (Abid & Ashfaq, 2015). What was once a unifying national vision has become a controversial political endeavor due to political division, weak governance systems, and provincial concerns (Khan, 2023).

Once heralded as a game-changer for Pakistan's economic growth, the China-Pakistan Economic Corridor (CPEC) has seen declining results because of long-standing political obstacles. Provincial complaints about resource distribution, governance shortcomings, and partisan politics that impede policy continuity are important concerns. Project implementation has been slowed by disputes between the federal and provincial governments, especially those from Balochistan and Khyber Pakhtunkhwa, which have exacerbated feelings of marginalization (Rafiq, 2021). Due to shifting priorities brought on by political unpredictability and frequent changes in government, investor trust has been damaged and important infrastructure projects have been delayed (Wolf, 2019). Furthermore, both domestic legitimacy and foreign alliances have been weakened by the politicization of CPEC-related projects and the absence of open decision-making (Hameed, 2020). All of these political factors together have limited the expected socioeconomic gains, therefore the transformative potential of CPEC has only been partially fulfilled.

The alleged Punjab-centric distribution of CPEC advantages has been one of the most divisive topics; Balochistan, Khyber Pakhtunkhwa, and Gilgit-Baltistan frequently point to exclusion and marginalization from important decision-making processes (Javaid & Rashid, 2020). Existing socio-political divisions have been strengthened by this center-periphery imbalance, which has also led to a rising lack of confidence between the federal and

provincial governments (Afridi, 2022). Public trust has been further damaged by claims of corruption, route rerouting to benefit politically significant areas, and non transparent procedures (Ehtisham & Shahid, 2021).

Apart from political obstacles, security risks, especially in Balochistan, have seriously impeded the advancement of CPEC. In addition to delaying projects, attacks by separatist organizations like the Balochistan Liberation Army (BLA) and targeted violence against Chinese citizens have forced Beijing to reconsider the scope and rate of its investment (Yousaf, 2024). Additionally, local communities frequently incur the costs of land displacement, environmental degradation, and cultural disruption without receiving commensurate benefits due to the absence of inclusive socioeconomic planning (Ahmed, 2023).

This paper makes the case that local political policies—which have their roots in centralizing administration, allocating resources unevenly, and failing to adequately involve provinces—are a major contributor to the waning advantages of CPEC. The examination looks at security dynamics, provincial complaints, and governance frameworks in an effort to offer a comprehensive picture of how Pakistan's domestic political environment is influencing the long-term course of CPEC.

Literature Review:

Most people agree that CPEC is a revolutionary economic corridor as well as a strategic agreement under the Belt and Road Initiative (BRI). Strong Sino-Pakistani security connections opened the door for large-scale infrastructure projects, as demonstrated by foundational works (Small, 2015; Wolf, 2019/2020), but they also caution that strategic imperatives frequently take precedence over developmental ones. These evaluations point to Pakistan's security weaknesses, center-

province tensions, and inadequate policy competence as ongoing threats. Subsequent research supports this claim by demonstrating how federal institutions and political rivalries influenced project location and profit sharing, leading to provincial complaints, especially in Khyber Pakhtunkhwa and Balochistan (Adeney & Boni, 2020; 2024).

One subject that keeps coming up in the literature is security risks. Attacks on Chinese citizens and CPEC assets, such the Dasso suicide bombing in March 2024, have increased expenses, caused delays, and compelled the government to fortify securitization (Reuters, 2024a; Al Jazeera, 2024). Insurgent unrest has caused delays for high-profile projects, such as the New Gwadar International Airport (Reuters, 2024c; AP, 2025). These shocks are linked by analysts to top-down governance and a lack of local consent, which increase risk premium and lessen the financial gains from finished infrastructure. In the energy sector, CPEC increased generation capacity, but because of defective rates, capacity payments, governance flaws, and exposure to imported fuels, circular debt has grown to trillions of rupees (NEPRA, 2024; World Bank, 2024; IEEFA, 2024). Consequently, the alleged surplus benefits of extra capacity are undermined by the substantial prices that consumers and industry must bear.

Due to regulatory uncertainty, inadequate utilities, and unequal federal-provincial cooperation, the implementation of Special Economic Zones (SEZs), which were intended to turn infrastructure into jobs and exports, has stalled (Adeney & Boni, 2020; KP/Policy Studies, 2025). Collective advantages have been hindered by delays in utilities, investor backing, and permissions, even with institutional improvements such as the establishment of a CPEC Investment PMU within the Board of Investment (BOI,

2025). Three processes come to light in these discussions: legitimacy gaps that raise security costs, distributional politics that weaken local support, and governance issues in energy and SEZs that compromise affordability and efficiency. Together, the literature demonstrates how CPEC transformative potential is undermined by inequitable distribution, weak local government, and precarious security, even when investments move forward.

Theoretical Application: Political Trust Theory

The assumption is that political leaders and institutions will behave responsibly, equitably, and in the public benefit is known as political trust (Levi & Stoker, 2000). Public support and project delivery are mediated by political trust in the framework of major economic projects such as the China-Pakistan Economic Corridor (CPEC). People are more inclined to participate with state-led projects and tolerate short-term expenses for long-term advantages when they have faith in political actors (Hetherington, 2005). On the other hand, mistrust can compromise legitimacy, compliance, and eventually project results.

Political Trust & Legitimacy

The core tenet of this theory is that legitimacy and public trust are essential for efficient governance. People see fewer advantages from state-led projects like CPEC when governance legitimacy is damaged—by non transparent decision-making, favoritism, or neglect. In Pakistan, the legitimacy of governing institutions has been eroded and citizen trust has been damaged by trends of centralized decision-making and marginalization, especially of smaller provinces. Civic engagement, monitoring, and the fair distribution of development gains have often been subordinated to elite interests due to the political monopoly of elite actors (e.g., decision-making dodging Parliament and the Council of Common Interest) (Samad, 2025).

Local Party Politics Deterioration of Political Trust

Public opinions about CPEC in Pakistan have been greatly influenced by local political parties. Political rivalry has undermined confidence in the state's competence and fairness by taking credit for planned or partial initiatives, shifting responsibility for delays, and portraying projects as biased toward particular provinces (Wolf, 2019; International Crisis Group, 2018). Because of this politicization, CPEC is now viewed as a negotiating chip in inter-party conflicts rather than as a national, inclusive development.

Mechanisms Connecting Political Distrust to Reduced Benefits

1. Perceived Partisan Allocation of Resources:

Protests in Khyber Pakhtunkhwa, Balochistan, and Gilgit-Baltistan have been stoked by the public perception that the benefits of the China-Pakistan Economic Corridor (CPEC) are being reaped by ruling-party constituencies, particularly in Punjab. According to political trust theory, such perceptions reduce willingness to support or protect projects perceived as unfair (Levi & Stoker, 2000), which has delayed infrastructure roll-outs and increased transaction costs (International Crisis Group, 2018).

2. Gaps in Government Promises Credibility:

Trust in provincial and federal authorities has been damaged by repeated unmet promises, such as the creation of jobs in Gwadar, the activation of SEZs, or the safeguarding of fishing rights. Low levels of political trust cause people to view delays as proof of deliberate neglect or corruption rather than technical difficulties, which exacerbates opposition mobilization (Hafeez, 2023).

3. Reduced Social License and Community Cooperation

The "*Haq Do Tehreek*" protests in Gwadar serve as an example of how a lack of trust results in road blockages, port closures, and opposition to security procedures, all of which directly lower operational throughput (MEI, 2024). This is in line with the political trust theory, which maintains that legitimacy permits more seamless policy implementation (Hetherington, 2005).

4. Investor Perception and Risk Premium:

When domestic political disputes repeatedly stall CPEC components, external stakeholders view governance as fragmented and unreliable, which raises the risk premium and slows investment. Foreign investors also evaluate the political environment, so trust deficits are not limited to citizens (Wolf, 2019).

Implications for the Impact of CPEC on Development:

The concrete infrastructure provided by CPEC, including as roads, energy projects, and partially operational SEZs, has not resulted in commensurate socioeconomic benefits, which can be explained by political trust theory. Even finished projects fall short in the absence of trust because communities are less inclined to participate, local disturbances continue to occur, and investment flows become wary. Political trust is therefore necessary to achieve the planned integrative and developmental potential of CPEC, not only a result of effective delivery.

Methodology:

In order to critically analyze how local political practices impact the waning advantages of the China-Pakistan Economic Corridor (CPEC) and their wider policy implications in Pakistan, this study uses a qualitative case study design. A thorough contextual

analysis of political decision-making and how it interacts with social, economic, and security factors is made possible by the case study method.

Sources of Data

Official government policy documents, parliamentary sessions, Peer-reviewed journal articles, think tank reports, national and international media coverage, and investigative articles from reliable sources will all be considered secondary data.

Focus on Geography and Context

The study concentrate on areas such as Gwadar (Balochistan), Khyber Pakhtunkhwa (KPK), Gilgit-Baltistan, and areas plagued by insurgency where political competition and security dynamics have quantified effects on CPEC projects. These regions were chosen because of their strategic importance and frequent security or political upheavals that impact project perception and execution.

Framework for Analysis

The study will evaluate community and expert perceptions using political trust theory. Political rhetoric, policy documents, and media narratives will all be examined using discourse analysis, and recurrent themes pertaining to sustainability, equity, and governance will be found through thematic coding.

Projects that has faced delays:

Here are five specific CPEC projects that experienced delays, cost overruns, or stop-start execution. Each setback is closely examined in relation to political decisions (federal-provincial tussles, party rivalry, and policy changes).

1) Upgrade of the ML-1 Railway (Karachi–Peshawar)

The multibillion-dollar ML-1 overhaul has been postponed and scaled numerous times. The updated PC-1 was postponed by Pakistan's top economic forum (ECNEC) in June 2024. Amid disputes with China on scope, phasing, and financing arrangements, officials subsequently proposed a lowered version of the PC-1 that would travel 120 km/h (Ahmer, 2024).

Under Budgetary and IMF Pressure:

The federal government continually modified the scope of ML-1 to meet debt-sustainability requirements during IMF programs, postponing a bankable structure that China would approve. This is not a technical issue; rather, it is a political decision on macro-priorities (Ahmer, 2024).

Gaps in Cooperation between the Center and the Provinces:

Traditional intra-coalition politics caused cabinet turnover and inter-agency conflicts to hinder cost/land-acquisition and operational reforms (such as the restructuring of Pakistan Railways) (Ahmer, 2024).

2. New Gwadar International Airport

What took place: Reports through 2024–2025 showed delayed operationalization, with missing enablers (utilities, staffing, security clearances) and frequent target slippages after the 2019 groundbreaking, despite high-profile milestones (such as an inauguration-style roll-out in January 2025).

Balochistan's Center-Province Execution Friction:

Provincial and federal coordination is necessary for staffing, policing, and local services; stop-start provisioning indicates a lack of political ownership beyond ceremonial occasions. (Yeh,

2022).

Local Political Backlash:

CPEC "showcase" installations were the focus of frequent protests in Gwadar (*Haq Do Tehreek*, BNP sympathizers), which resulted in security lockdown and the diversion of administrative bandwidth intended for commissioning (Nihad, 2021).

3 Port Access & Gwadar Eastbay Expressway

Even when construction was almost finished, the expressway, which was supposed to connect the port and free zone, experienced blockades and reputational harm in 2021–2022, due to fishermen's access and enforcement actions (Baloch, 2022). The provincial/federal leadership's top-down design choices gave freight mobility precedence over community access, leaving fisherman with a restricted passageway that fueled local party and clerical network mobilization (Notezai, 2022).

Failures in Negotiated Governance:

Repeated delays to a "completed" CPEC route resulted from authorities alternating between crackdowns and adhoc agreements with protest leaders; each swing reflected changing political motivations in Quetta/Islamabad (Nihad, 2021).

4 CPEC Urban Transportations Lahore Orange Line Metro Train (OLMT)

Courts halted construction near historic monuments in 2016, and the Supreme Court overturned the halt in December 2017—but only with 31 restrictions. Significant expenses were incurred as a result of the protracted litigation (press estimates put the delay and legal effects at over Rs 10 billion), and commissioning was delayed well beyond the original schedule (Adnan, 2017). Partisan competition between the PTI and its allies and the PML-N. Legal and activist opposition was sparked by the opposition's

framing of OLMT as a PML-N "prestige" project. The project became divisive and legally risky due to the Punjab government's political decision to expedite an elevated alignment close to heritage monuments (Khan, 2018).

Judicial Involvement: A technical urban rail project became a protracted political-legal war as a result of disagreements moving to courts due to a lack of consensus-building (Bhatti, 2017).

5 Azad Pattan & Kohala Hydropower (AJK)

Despite previous attempts at reactivation in 2024, the federal government in August 2025 eliminated both CPEC hydro schemes (1,124 MW Kohala; 700.7 MW Azad Pattan) from the IGCEP 2025–35 due to their inability to attain financial close, following years of bickering over contracts, insurance, and the environment (Kiani, 2024).

Changes in Policy Goal-Posts:

Risk for Chinese sponsors was changed by shifting federal power-planning/IGCEP criteria and guarantees (such as increased bank-guarantee demands and re-ranking under "least-cost"); this was a political decision about sectoral priorities that prevented financial closure (Kiani, 2024).

Sub-national veto points:

Kohala was previously halted by the AJK government's land-acquisition modifications and environmental concerns, demonstrating how provincial/sub-regional politics can thwart CPEC even in the presence of federal officials (Kiani, 2024).

Key Political Factors Diminishing the Benefits of CPEC:

1. Competition between Parties and Discontinuities in Policy
The energy, transportation, and SEZ portfolios have seen a lot of

stop-start implementation, re negotiations, and shifting priorities as a result of frequent changes in ruling coalitions at the federal and provincial levels. CPEC corridor has been superseded by local party incentives, such as obtaining short-term visibility projects, claiming credit, or thwarting competitors' "trophy" initiatives (Wolf, 2019). According to policy assessments and interviews, political expediency frequently overshadowed industrial fundamentals when choosing and phasing sites, which increased delays and cost overruns (Wolf, 2019; "Politics of development," 2025).

2. Conflict between the Center and the Province over Routeing and Rents

Reportedly Punjab-centric road, energy, and SEZ allocations have been disputed by parties in Khyber Pakhtunkhwa (KP), Balochistan, and Gilgit-Baltistan, who have framed CPEC as perpetuating center-periphery disparities (International Crisis Group, 2018). Land purchase, right-of-way permissions, and supportive infrastructure have all been repeatedly delayed by these conflicts, increasing delivery risk and undermining investor confidence (International Crisis Group, 2018). Logistics instability for Chinese shippers and Pakistani traders has been exacerbated by periodic mobilizations along the Karakoram Highway and in GB commercial areas, which have physically impeded flows on a main CPEC route (ET, 2025).

Route & Allocation Politics (Centre–Periphery):

Early PML-N choices privileging the **eastern route** triggered enduring mistrust in KP/Balochistan (KP Assembly resolutions in 2015 warned this would “create disharmony”). That mistrust later

translated into resistance and lack of cooperative federalism during execution (Ashfaq, 2015).

3. Local grievance Politics and the “Gwadar Effect”

Party entrepreneurs and religio-political coalitions have exploited fisheries, policing, and livelihoods issues into huge protests in Gwadar (*Haq Do Tehreek*), regularly closing down city services and port-adjacent roadways (Hafeez, 2023; MEI, 2024/25). Unfulfilled provincial pledges to reduce traffic, relax checkpoints, and provide essential services fueled conflict cycles that discouraged port calls and postponed the opening of related facilities like the new airport (AP, 2025). There is a credibility gap as a result: investors see unstable operating conditions, whereas locals perceive few employment or services (Hafeez, 2023; MEI, 2024/25).

4. Security Politicization and Insurgent Backlash in Balochistan:

International assessments have long warned that CPEC would magnify rather than mitigate conflict dynamics in the absence of inclusive bargains in Balochistan (International Crisis Group, 2018). Recent designations of BLA entities highlight how security externalization now define the corridor's risk profile (AP, 2025). Security politicization and insurgent backlash in Balochistan The increased exposure of Chinese workers and CPEC sites has resulted from local and provincial parties' alternate institutionalization, downplaying, or securitization of insurgency risks.

5. SEZ Poor Performance because to limited Devolution and Politicized Sitting:

SEZs were considered as "CPEC 2.0's" jobs engine, but provincial-party negotiations swayed location selections and

caused delays in land titling, utilities, and one-window services. Consequently, links to local supplier bases are still weak, and only a small portion of the nine planned CPEC SEZs have achieved considerable operationalization (GJIA, 2024). Even in cases where progress has been made (such as Rashakai in KP), ramp-up has lagged behind schedule because of inconsistent permissions and service deficiencies that can be linked to disputes between parties over authority and cost sharing (Xinhua, 2024/2025).

6. Deficits in Accountability and the "Promise-Delivery"

While shifting the responsibility for delays to Beijing or federal authorities, local parties have been claiming credit for groundbreaking ceremonies. This has reduced social license in host towns and increased public cynicism about the advantages of CPEC (International Crisis Group, 2018; Wolf, 2019). Because municipal and provincial duties (such as water, power, policing, and customs facilitation) are dispersed across competing political jurisdictions, throughout and ancillary services lag in port-led development (Hafeez, 2023; AP, 2025).

Findings of the Study:

Benefits have been mediated by politics and have been unevenly distributed geographically. The corridor's integrative goal was diminished as opposition-led areas had slower disbursements and repeated renegotiation's, while districts affiliated with ruling coalitions obtained quicker permits and supplementary improvements (International Crisis Group, 2018; Wolf, 2019).

Gwadar's symbolic assets were more valuable than its functional ones. Numerous protest cycles and the underutilized airport serve as examples of how political mismanagement at the provincial–local interface can neutralize strategic infrastructure, even in the

face of high-profile projects. Local employment, fisheries regulation, and basic services lagged (Hafeez, 2023; AP, 2025; MEI, 2024/25).

SEZs have a lack of credibility. Politicized site selections, utility delays, and one-stop facilitation decreased early investor acceptance; the pipeline has started to move (e.g., Rashakai), but it has not moved as quickly as anticipated, which has shortened the time frames for job creation (GJIA, 2024; Xinhua, 2024/2025).

Cost and scheduling are now driven by security externalities. Authorities' reactive actions (such as prolonged mobile shutdowns) further hindered trade and regular administration as insurgent activities targeted CPEC personnel and assets, increasing the risk premium for the corridor (Reuters, 2025; AP, 2025).

When party competition takes the place of inclusive governance, public trust is weakened. Perceptions of exclusion hardened and social license deteriorated where local parties utilized CPEC as a mobilizing wedge instead of fostering participatory benefit-sharing, weakening supplier relationships, and tourism (Hafeez, 2023; International Crisis Group, 2018). Overall, the benefits of the corridor are genuine but undervalued. There are roads, power, and some SEZ activity, but because of locally generated political frictions that push up transaction costs and reduce utilization rates, the welfare and productivity benefits are significantly less than the corridor's potential (Wolf, 2019; GJIA, 2024).

Future Prospect of CPEC:

With both governments establishing five "corridors" centered on growth, innovation, livelihoods, green development, and inclusion, the China-Pakistan Economic Corridor (CPEC) has

begun its second phase. Although this offers a framework, there has been inconsistent progress on the ground and a large portion of the agenda is still in the planning stages. Major energy capacity was delivered by Phase I, adding about 8,000 MW to Pakistan's grid. However, due to financial and policy limitations, a number of large-scale hydro-power projects, including Kohala and Azad Pattan, have lately been left out of Pakistan's long-term energy strategy. Similar difficulties arise with transportation projects; the key ML-1 railway renovation is stalled in talks over funding and schedule.

Gwadar is still underutilized yet symbolic. After years of delays, the New Gwadar International Airport was finally opened in January 2025, but operations are still somewhat limited, and the larger port-city complex still faces legitimacy issues from the local community as well as security concerns. Rashakai and Dhabeji are two examples of Special Economic Zones (SEZs) that have started to draw investment, although the CPEC intended industrial and export transformation has not yet come to fruition. High-profile inaugurations and significant economic production continue to diverge significantly.

The future course of CPEC will be determined by a number of interrelated issues. The biggest barrier is still ongoing security threats, such as assaults on Chinese engineers, and Pakistan's IMF-backed stabilization program enforces stricter budgetary restraints, which reduces room for big, debt-heavy infrastructure investments. In this context, mega projects like ML-1 or massive hydroelectric dams are less likely to succeed than smaller, modular initiatives like digital cooperation, renewable energy, and SEZ-based industrialization. Since previous disagreements over routes, land acquisition, and benefit-sharing have delayed

important projects, political unity between the federal and provincial administrations is equally important.

It is unlikely that the corridor will see the revolutionary pace that was anticipated in 2015. With a focus on projects that yield faster returns and have less finance or security risks, CPEC is instead moving toward incremental sectoral cooperation and selective business-to-business investments. In this way, Pakistan's capacity to maintain IMF program discipline, offer stability, and include local populations in the development process will have a greater influence on the future of CPEC than big announcements.

Recommendations:

These specific recommendations aim to address the diminishing benefits of CPEC caused by local political party dynamics

1. Establish a Permanent Federal–Provincial Coordination Mechanism:

Establish a legally mandated CPEC Coordination Council with equal representation from the federal government, all provincial governments, and key local stakeholders. This would ensure transparency in route selection, project prioritization, and benefit distribution, minimize adhoc bargaining, and institutionalize dialogue.

2. Adopt a Benefit-Sharing Framework:

Create a quantifiable formula for equitable resource allocation—including jobs, royalties, and infrastructure investments—so provinces like Balochistan and Khyber Pakhtunkhwa see quantifiable returns. This can allay the complaints of the BNP and ANP over perceived marginalization.

3. Depoliticize CPEC Decision-Making:

Put CPEC projects under an impartial, bipartisan committee that reports to Parliament and enforces public disclosure of project budgets, schedules, and benefits in order to remove partisan competition from the decision-making process.

4. Enhance Stakeholder Engagement at the Local Level:

Before concluding significant projects, particularly in delicate locations like Gwadar, hold organized meetings with provincial assemblies, tribal elders, and local business associations. As a result, there might be less opposition to being excluded from the decision-making process.

4. Link Development to Security Guarantees:

Connect CPEC investment to parallel community development initiatives, such as schools, hospitals, and vocational training, so that locals will associate infrastructure with real improvements in their quality of life and be less likely to oppose project disruptions.

5. Political Incentives for Cooperation:

Provide performance-based fiscal transfers to provinces that meet CPEC implementation targets, which will incentive cooperation rather than resistance.

6. Building Provincial Project Management Capacity:

Provide training and technical support to provincial governments to enable them to efficiently organize, negotiate, and carry out CPEC projects, thereby lowering reliance on foreign contractors and federal red tape.

7. Unambiguous legal framework for CPEC Conflict Settlement:

Pass a federal law creating an open arbitration process to settle center-provincial and inter-provincial conflicts over CPEC funding, routes, and objectives so that disagreements don't impede development.

8. Phased Implementation with Provincial Milestones:

Allow political parties to claim concrete accomplishments without impeding broader initiatives, project roll-outs should be planned in smaller, manageable phases linked to provincial development milestones, such as the completion of feeder highways or local industrial zones.

9. Include Local Economic Clusters in CPEC Special Economic Zones:

Connect Special Economic Zones to already-existing local businesses (mining in Balochistan, agriculture in KP, and fisheries in Gwadar) to make CPEC applicable to regional economies and lessen political opposition stemming from exclusionary fears.

Conclusion:

Once heralded as a revolutionary economic project, the China-Pakistan Economic Corridor (CPEC) has seen its potential undermined by long-standing local political factors. This study conclusions demonstrate how local political parties have hampered equitable growth and threatened national integration through party rivalry, centralized decision-making, and unequal resource distribution. In addition to delaying execution, provincial-federal conflicts, political project routing, and governance shortcomings have also damaged investor and public

confidence. While Balochistan's security politicization and underperforming Special Economic Zones expose structural flaws in intergovernmental coordination, Gwadar's experience highlights the gap between strategic infrastructure and real local advantages. Even large infrastructure projects struggle to produce long-term socioeconomic gains in the absence of legitimacy, transparency, and inclusive governance, as shown by the application of Political Trust Theory. Pakistan needs to resolve political division, boost provincial involvement, and guarantee that the advantages of development are distributed fairly throughout all areas if it is to realize the initial promise of CPEC.

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