

# THE NATION

Islamabad

10 August 2017

## Mutually Beneficial CPEC

**Dr Ahmad Rashid Malik**



Trade is mutually beneficial to Pakistan and China. For Pakistan, it is a learning process to develop fast and competitive values to capture global markets and to become global traders. Pakistani businessmen are far behind of China, Korea, and Japan, just to speak of these three Asian dynamic traders. Pakistan accumulates trade-deficits with all these three countries. Before China, Japan used to be the largest trading partner of Pakistan but trade balance remained in favour of Japan since the 1960s. Still, it cannot be said that this was one-sided trade and that Japan denied opportunities and incentives to Pakistani exporters.

Pakistan traders did not capture the Japanese market because of their own fault – a lack of innovation. Now, China presents a large consumer market and it is up to Pakistani traders, exporters, and businessmen to capture the Chinese market along with other competitors. Access into the Chinese market would be as difficult as that of Japan and South Korea for Pakistani traders if they do not learn global competitiveness and develop innovation technologies.

Not only is the China-Pakistan Economic Corridor (CPEC) is target of critics, they leave no stone unturned about the growing relations between Pakistan and China. A report was published in local newspapers that trade between the two countries “runs

one way". The report presented the picture that trade is not beneficial to Pakistan and the corridor will only promote China's exports to Pakistan. This is a highly misleading impression and there is a need to present a correct picture of Pakistan-China trade.

China is Pakistan's largest trading partner. Mutual trade has crossed the \$20 billion mark this year. There are such huge opportunities for Pakistan under the CPEC whether it is industry, agriculture, or the services sector. The recent imports from China consists of primary goods such as construction machinery and power generation equipment to build the essential infrastructure of the CPEC.

The CPEC projects under the Early Harvest Program will be completed next year. Many projects are to be completed this year. This was the first step toward building the infrastructure essential for industry. In the next phase, nine industrial zones will be created in different parts of the country. With this set up, the country's reliance on imports will decrease and its capacity for exports will be enhanced.

Opportunities for the agricultural sector are huge. China has a large population of 1.3 billion and it has a huge agricultural market, over US\$ 1 trillion, for exporters around the world. Demand for agricultural produce is ever increasing in China because of rapid urbanisation. Being a country on China's border with an agricultural base, Pakistan will receive huge benefits to capture Chinese agricultural market through the fast land route of the CPEC. The United States, Brazil, and Australia dominate China's agricultural market already. Being a strong agricultural economy, Australia maintains a huge trade surplus vis-à-vis China. Moreover, South Korea and Japan also maintain surplus exports to China.

Pakistan also has to develop its agricultural and industrial base to increase exports to China like these countries. The basic aim of the CPEC connectivity is to build Pakistan agricultural, industrial, and services capacity so that Pakistan not only increases its exports to China but to many other trading partners.

Pakistan's fisheries and seafood are a highly profitable export to China. The distance is shortened to 10 days instead of 30 days via the Karakoram Highway. In January, Mufeng Biological Technology Cot shipped 7.46 metric tons of seafood, including squid, shrimp, pomfret and bonefish, from Khunjerab to be sold at local markets in Urumqi, Karamy as well as Beijing and Shanghai. China buys over 75 percent of Pakistan's shrimp products.

Regular shipments started in April this year. It was reported in the media that two tons of shrimps were sold in one hour in Xinjiang. The CPEC land route became a profitable source for poor fishermen in Balochistan and Sindh and a source of national income for Pakistan. Around US\$ 276 were added in the national kitty this

year of which 75 percent earned from China alone. This is one example and many more would come.

China is an easy and a friendly market for Pakistani exporters and small businessmen. The exporters can double the market in few years from the current US\$ 20 billion to US\$ 40 billion, making the Chinese market most lucrative for Pakistani businessmen. Purchasing power is increasing in China. Pakistani small and medium size entrepreneurs could capture that market. The CPEC route is rapidly providing that opportunity, which was not available in case of Japan and South Korea, for instance.

CPEC is a capacity-building project. Pakistan would set up as many as 46 industrial zones with nine already prioritised. Over 700,000 million jobs will be created. The unemployed educated and un-skilled youth has greater chance to be engaged in various projects by making youth bulge as an asset for CPEC projects that would ultimately result in a boom for Pakistan's exports to China.

*The writer is Director of the China-Pakistan Study Center at the Institute of Strategic Studies Islamabad. He writes on East Asian affairs.*

<http://nation.com.pk/E-Paper/lahore/2017-08-10/page-7>