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The CPEC and sustainable economic growth for Pakistan

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中巴经济走廊和巴基斯坦经济可持续增长

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摘要: 巴基斯坦在建国后 70 年的历史中经历了三个阶段的经济增长停滞期, 在每个阶段, 都未能实现可持续的长期经济增长. 与过去的三次失败尝试不同, 在这次新的阶段里, 由于中巴经济走廊项目的推出, 成功的机会会有所增加. 该经济计划既具有战略性又具有合理性. 巴基斯坦通过中巴经济走廊项目, 利用经济上的优势, 不仅能发展本国的基础设施, 应对能源和水资源短缺的危机, 而且还能改善人力资本和区域连通性.
关键词: CPEC; 经济; 中国; 巴基斯坦

0 Introduction

The China-Pakistan Economic Corridor (CPEC) was launched in May 2013. Its objective is to promote not only economic and financial development but also sustainable development. This paper explores the impact of CPEC on various economic indicators. The first indicator is that CPEC is expected to enhance Pakistan's competitiveness/efficiency level by increasing total factor productivity (TFP). The second is that it should result in relevant, necessary, and durable physical infrastructure development. The third is that it should allow Pakistan to engage in technological leapfrogging.

All these factors will facilitate Pakistan's sustainable economic growth, meaning that Pakistan should be in a position of the intermittent industrial stages and move on to the entrepreneurial stage while applying technological innovations in developing its agro-based economy. It would necessitate overcoming certain weak areas of the economy and maximizing stronger areas to catapult the economy into a high-growth trajectory for a sustained period. Long-term progress would also depend upon the kind of projects launched under the CPEC. Some areas of concern have been identified with

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respect to contracts, maintenance costs, job opportunities, and the clash of cultures. It is important that CPEC-related contracts should be awarded on the basis of transparency and merit. The cost of maintenance of roads and highways should be calculated in coordination with Chinese partners. China has invested \$20 billion in various projects under CPEC shown in Table 1.

Tab. 1 Projects signed under CPEC toward energy, transportation, and infrastructure

CPEC projects portfolio	Cost US\$ million	ratio /%
Energy	33 793	76
Transport and infrastructure	-	-
Roads	6 100	14
Rail network	3 690	8
Gwadar port	786	2
Others	44	0
Total	44 413	100

Pakistani laborers and youth should be provided with jobs. The proposed industrial zones along the route of the corridor should be open to both Chinese and Pakistani industrialists as well as investors from East Asia, Latin America, and the rest of the world. For revenue generation, the resources should be mobilized on a competitive basis, and any possibility of clashes between locals and Chinese arising from cultural factors should be carefully avoided through cultural acclimatization.

1 Aims of the study

China and Pakistan enjoy an all-weather friendship. Despite the economic advantages, deep friendship, and geo-strategic aspects enjoyed by both countries, it cannot be ignored that self-interest is the primary motivation behind megaprojects such as the CPEC. This paper's main objective is to ascertain the benefits of CPEC for Pakistan's sustainable economic growth. During the last six years (2011 to 2017), Pakistan's GDP growth rate, which was 3.6 percent in 2011, has jumped to 5.2 percent in 2017^[1]. The rationale behind such an impressive economic growth rate is the aggregate effect of the economic manager's macroeconomic and structural reforms agenda, significantly lower gasoline prices, and improvements in security. The recent growth rate outpaced earlier growth expectations despite the crucial agricultural sector has undergone a principal product failure^[2].

Pakistan's growth forecast over the coming decade is 5.07 percent each year, according to research published in 2019 by Harvard University's Center for International Development (CID). China's economy is significantly larger, and it might not be fair to draw a comparison with Pakistan. However, the 5.07 percent growth projection for Pakistan is higher than China's projected annual growth of 4.28 percent.

Pakistan is expected to perform better than all regional economies in terms of growth, with the sole exception of India at 6.98 percent. Another regional economy set to grow in the next decade is Malaysia (by 4.89 percent). Harvard's CID is employing the latest calculation to evaluate the economic complexity and to project yearly growth rates for the next ten years^[3]. Within Pakistan, the perception persists that the CPEC should steer Pakistan's economy toward a sustained economic growth trajectory.

For Pakistan, the CPEC's desired economic objectives include a clearly laid out plan for its implementation, including role assignments, expected contributions, and undisputed rewards for all stakeholders involved^[6]. The infrastructural development under CPEC should focus on villages, small

cities, and rural areas. Indigenous products, such as agricultural yield, should be promoted through the transportation corridor. The government should earmark specific Chinese markets for Pakistani products and negotiate tariff rates with the Chinese government^[4]. This should be accomplished with the consensus of the private Chinese companies involved in the project as planners, financiers, or implementers.

Pakistan will be in a position to attempt economic and technological leapfrogging, increase geographical connectivity and create millions of employment opportunities for the local people, resulting an increase in household income. in the sense that Pakistan may seek industrialization and manufacturing, while simultaneously pursuing the development of trade and services. The focus should be on local employment and investment^[5]. This would provide the necessary boost to economic entrepreneurship and social creativity, thereby guaranteeing the long-term development of the country^[2].

2 Conclusion

Pakistan's principal interest is economic development through the CPEC. Progress in relation to the CPEC involves joint Sino-Pakistani projects aimed at elevating Gwadar, which enjoys strategic importance owing to its location, to the level of an international commercial port. Gwadar's consequent economic development contains a strategic dimension. It is therefore imperative to ensure sustainable development of the country through the miscellaneous projects launched under the rubric of the CPEC.

Pakistan should be mindful of the need to create employment within the national pool. It would not be feasible to maintain a project on the scale of the CPEC without indigenous capacity generation. This lack of local capacity could hinder Pakistan's overall development and growth. It would not be a sustainable option for the Pakistani economy to transport the entire workforce and engineering staff involved in CPEC from China. The development of indigenous human capital to man and manage the CPEC and related projects should be prioritized.

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