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# Pakistan and China's nexus of agricultural trade under the Maritime Silk Road

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## 海上丝绸之路背景下的巴中农业贸易往来

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**摘要:** 通过分析巴基斯坦、中亚国家和中国在 1978—2015 年间的农业进出口数据来探究中亚国家与中国之间的贸易前景. 在互利政策与合作基础上, 巴基斯坦和中国有许多共同的项目. 使用定性的方法来探索巴基斯坦和中国在海上丝绸之路背景下的农业贸易联系. 研究发现中国大批量生产豆类, 在农产品生产中处于主导地位. 数据显示, 巴基斯坦和中国的农业进口价值均不低; 中亚国家也从邻国进口肉类, 大米和农业投入品. 研究价值在于中国和少数几个中亚国家的进出口额相近, 而中国和巴基斯坦之间的进出口额差距很大. 本文建议决策者增加中国与海上丝绸之路沿线其他地区 (尤其是巴基斯坦) 之间的出口量, 以促进在这些地区的投资活动和贸易, 通过互利合作达到共同繁荣.

**关键词:** 海上丝绸之路; 农业; 中亚国家; 投资与贸易

## 0 Introduction

The China-Pakistan Economic Corridor (CPEC) has a social, cultural, economic, and historical background that dates back to 1949. It began in Kashgar (Xinjiang, China) and extended throughout Pakistan via various infrastructural, industrial, and agricultural projects. These projects have proven equally beneficial for both countries. In the present day, many countries are seeking to create productive trade zones and blocks. The Maritime Silk Road is designed to stimulate global exchange and collaboration. Pakistan, Central Asia, and China are also collaborating in the fields of maritime shipping and other areas of mutual development in the region. Under the Belt and Road Initiative

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(BRI), Pakistan and Chinese officials inaugurated five main projects on April 20, 2015 and signed more than 30 agreements and memoranda regarding CPEC collaboration. The CPEC part of the BRI which has two key components: the sea component (i.e., the Maritime Silk Road) and the land component. The Maritime Silk Road occupies a vital role in benefitting the world with business and trade-friendly policies. In the past, it was particularly instrumental in Central Asian agricultural trade. Exchange of products, technology, and trade cooperation between China, Pakistan, and Central Asian nations has recently in many fields<sup>[1-3]</sup>. Pakistan is an emerging economy, and it has a latent comparative advantage in the agricultural sector, but this advantage has yet to be fully explored. This paper charts trends in agricultural trade between China, Pakistan, and Central Asian countries and the opening up of agricultural trade mechanisms between China and these nations can benefit them. Pakistan continuously faces a trade deficit and its exports have not increased in recent years. However, the Maritime Silk Road is not limited to the agricultural sector; rather, it extends to other projects involving industrial parks and Free-Trade zones, stimulating win-win policies for all countries.

## 1 Literature review

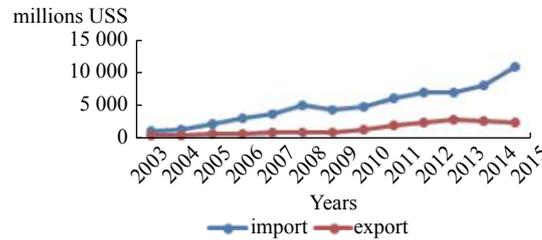
This section reviews some key literature that has explored the linkage between infrastructure and agricultural output and its impact on agricultural trade and growth. The BRI plays an essential role in promoting agrarian business in developing nations. The existence of agricultural trade competition is beneficial for countries impacted by the BRI<sup>[4]</sup> and infrastructure is important for agricultural growth. The CPEC occupies an essential role in the region's agricultural growth. Global and regional activities lead to geo-economic cooperation<sup>[1]</sup>. Exports, moreover, are vital for the economic growth of any country<sup>[5]</sup>, as demonstrated by numerous studies<sup>[6-10]</sup>. For this reason, the present study identifies the comparative advantages of the agricultural sector in Pakistan and the Central Asian nations over that of China, which can lead to increase agricultural exports and a decline in imports. Transport and trade infrastructure are key for agricultural trade<sup>[6]</sup>. Oceangoing way of One Belt One Road which is Maritime Silk Road can enhance trade relations and expand the export which will boost the growth and trade across the Asia<sup>[11]</sup>. Competitiveness of nexus of agricultural trade between China and countries long OBOR is significant to improve connotation of agricultural collaboration based on existing mechanism<sup>[12-13]</sup>.

## 2 Pakistan-China agricultural bilateral trade

The data reveal three stages of trade between China and Pakistan. In the first stage, from 1978 to 1988, exports and imports were balanced. In the second stage, from 1989 to 2002, but exports were stable.

In the final stage, from 2003 to 2015, the gap between imports and exports became wider, as the diagram illustrates. From 2003 to 2005, gap was small or negligible but it has been continuously increasing after it and became substantial as shown in [figure 1](#). Imports rapidly increased through out this period, whereas exports increased initially but began to decline gradually after 2012 Pakistani exports decreased by 12% between 2013 and 2015. Pakistan's imports exert considerable pressure on the country's economy, as the chart illustrates. The country may address these issues by exploring its

latent comparative advantage in the agricultural sector. However, local firms in Pakistan also have the potential increase the value of raw materials and transitional able inputs. Compared with Central Asian nations, the Pakistan-China export and import gaps are relatively wide. This gap first became evident in 2006 and increased until 2015, eventually becoming larger than that of Central Asian countries. This gap could be minimized by intensified engagement between Pakistan and China and the Central Asian states via the Maritime Silk Road. Despite Pakistan's latent comparative advantages in agriculture, the country still imports more than it exports. Latent comparatives can be helpful in reducing this agricultural trade deficit via the BRI's win-win policies. Pakistan could also increase its agricultural trade volume with Central Asia countries.



Note: Graph is self-made based on data collected from State Bank of Pakistan website (<https://www.sbp.org.pk/ecodata/index2.asp>)

Fig. 1 Pakistan-China export/import trend

### 3 Conclusion

This paper highlights the comparative advantage of agriculture not only between Pakistan and China but also among the Central Asian nations. These Central Asian states have conducted an in-depth structural analysis of agricultural imports and exports. Their study shows that in terms of global agricultural production, China tops the list. China has extensive shares in major crops and perishable commodities. Pakistan has spent millions of dollars on agricultural imports and products including fresh green crops, grains, and perishable commodities. Both China and Pakistan have trade opportunities trade with one another. China can export perishable products and grain to Pakistan, while Pakistan can export horticultural fruits, wheat, rice, and vegetables to China. More agricultural products may potentially be traded, as the commodities mentioned above are the most in-demand commodities in Central Asian countries and could also be imported to these countries. In conclusion, Chinese exports are higher than Pakistan's, with China boasting the highest number of shares in agricultural products, and efforts to increase Pakistan's exports should be a key focus for policymakers.

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