



**RESEARCH PAPER**

**Emerging Trends in Pakistan's Economy: Implications of Pakistan-China Relations**

<sup>1</sup>Zoonia Naseeb\* <sup>2</sup> Prof. Dr. Iram Khalid

1. PhD Scholar (International Relations), Department of Political Science, University of the Punjab, Lahore, Punjab, Pakistan
2. Chairperson, Department of Political Science, University of the Punjab, Lahore, Punjab, Pakistan

\*Corresponding Author      zoonia\_naseeb@yahoo.com

**ABSTRACT**

The objective of the study is to explore new avenues in their relationship that have all the glory in the past, all the cooperation in the present and all the development and achievements in the coming future. Pakistan is exploring new trends in its economy where China, its long-standing partner, is providing the evident support for Pakistan to achieve its goals. Pakistan and China have developed their long-standing diplomatic relations in tough years of superpowers rivalry in the cold war period, and now are on the highest level with successive achievements in various fields and understanding the importance of their geostrategic location for economic activities. The bilateral relations of both states has multidimensional cooperation, covering all the fields economic, and social, cultural and people to people contact. The methodology is descriptive. The implication of economic plans will make Pakistan a competitive participant in the region and open a new phase for regional development.

**Keywords:** Pakistan, China, cooperation, new trends, Multidimensional

**Introduction**

Pakistan and China started their diplomatic relation on 21st May 1951, but this was the new beginning of what had a full historical background of trade relations when China traveled through these lands centuries ago to cover its markets to the Middle East, Europe, and some parts of Africa via its ancient Silk Route. All these years since 1951, both states enjoy full blown cordial relations which become deeper in recent years with wide-ranging economic development. And the year of 2021 is the year of celebrating "All weather friendship" the glorious 70 years which has an exemplary quality relation for the world. The bilateral relations have established mutual development and trust, harmony among both nations, developed trust and more importantly people to people contact increase more recently via cultural exchanges, student's scholarships, and easy visa entry. All the potential characteristics in their bilateral relations, China's pro economic approach and Pakistan's geostrategic location and work with all the potential to be the part of China's bigger dream is working not in their relation but changing the regional potential. (Akram, 2021). Despite being the trade partners, China and Pakistan shows open commitment towards the regional stability and cooperation to further not only strengthen their relationship but towards a real balanced environment for their coming generation. Their relations have multidimensional approach and obligation for development. To fulfill the commitments and obligations, the institutions work hard and fulfil their duties (Yaseen, Afridi, & Muzaffar, 2017)

**Major Characteristics of "All Weather Friendship"**

Pakistan and China share many common features that bring a tone and stability of their present relationship status. However, the cordiality in relation has the basis in the last century when two states started their diplomatic relation as sovereign nations and built their trust over the years. Pakistan on the one hand as new Muslim democratic state make a

survival in bipolar world. With its birth Pakistan faced many challenges to provide the bread and facilitate the millions of refugees and had conflicts from India over Kashmir and independence related issues. India's rivalry with Pakistan is the main reason for Pakistan opting the western alignment to get help with western development and new technologies. Despite opting the alignment towards the west and having the series of arrangements of deals and signing the treaties to be the part of world politics and get help for its economy and defense needs, it always makes an open spot for China in its foreign policy. As a neighboring country China always supported Pakistan in its needs and crucial war like times. Pakistan had to survive and maintain its border secure and needed defense support from its western alignment that could not be fulfilled even with security pacts and arrangements. China on the other hand supported Pakistan with its defense needs and opened its opinion in the peaceful resolution over the Kashmir issue. Through thick and thin, China always supported Pakistan on its rightful claim over Kashmir and raised its voice on various platforms in Pakistan's favor (Yaseen, Jathol, & Muzaffar, 2016).

So, the characteristics of relation have some good quality manners that reach the boundary of immense trust and collaboration. Here are some of the basic dimension of the bot states' cordial relations:

- Basic principle in this relationship is equality.
- To safeguard the national interests of our own state by maximizing the available opportunity and investigate domestic situations as well as regional situations.
- More importantly respect the sovereignty of one another nation, their internal problems and independence. Territorial integrity and sovereignty cannot compromise.
- The beauty of this relationship is that is rely on mutual interests and trust, bilateral relation could not run without mutual interests and benefits.
- The process of decision making consists of new mutual trust and ground realities.
- The win-win approach is the reliability of any projects designed to further strengthen the relation and bring prosperity in the region and achieve the goal of stability and cooperation in the region.
- All the above determinants of their relation build a mutual consensus over many regional as well as international issues to ensure the developmental process be in fast track with mutually benefited proposals and programs.

The initiative of both states is to make a setup for regional atrocities to make a decisive step for development. The ancient Silk Road provides a framework and by making more progress it will become a link among regions.

### **Pakistan's Efforts for Exploring New Trends**

In 21<sup>st</sup> century, Pakistan exploring for new paths for its development and national interests that will suits to its policies for a long-term plan. As world is going through a systematic change, it is more suitable to make an approach for that will bring a positive and sustainable change. Pakistan's efforts in this regard are superfluous.

CPEC has been most watched and looked program under BRI in Chinese government and for Pakistan, as Pakistan believed that this program proves a landmark for both states and regional stability. Same as the development of Gwadar is the number one priority for the Pakistan's government as well as the Chinese government. Project of Gwadar was Pakistan's first proposed project for China, that later converted in CPEC. It's been 2 decades that both Pakistan's civil and military government's shows their full support and

collaboration for the development of project. Despite changing of governments, Pakistan ensure that developmental programs will continue. This commitment makes more vulnerable as China's desire of direct access to Indian Ocean for their trade as it has become china's more strategic importance (Katharine, 2021).

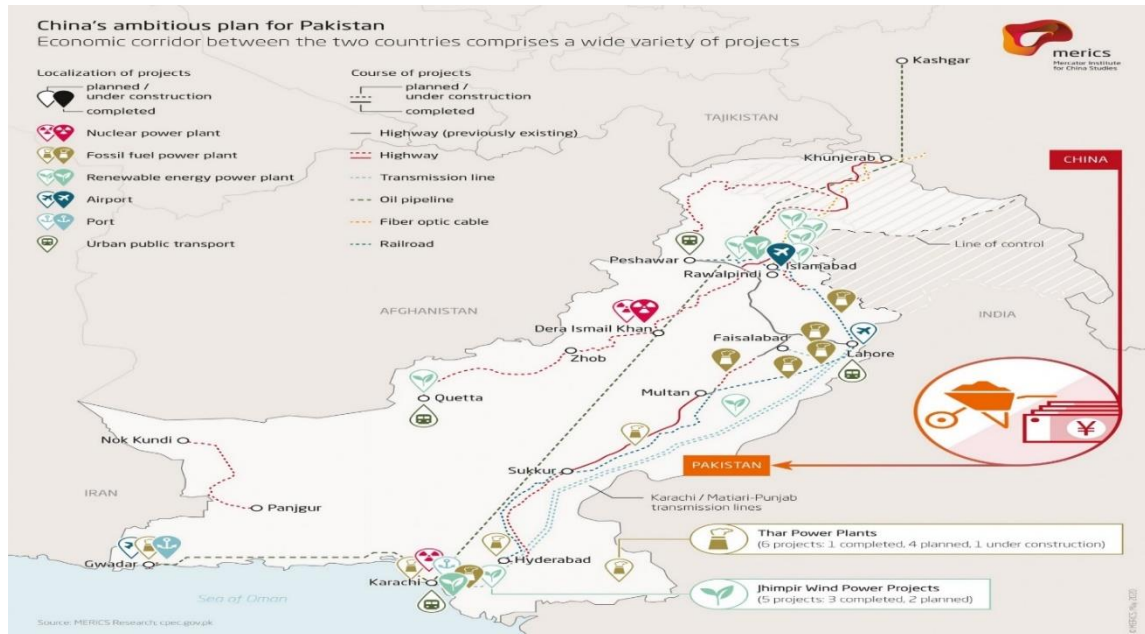
### **China's Economic Orientated Polices and its effect on Pakistan's Economy**

China's ambition and its policies has undergone a major shift and transformation in the past few years. China's leadership, especially President Xi Jinping leading China towards a major transformation through its policies. China is trying to maintain and establish an environment for mutual development of regional states. Its vast vision of Belt Road initiative (BRI) achieving its goal through regional alliances, capturing the international market through construction of rails, roads, and corridors. Pakistan as a neighboring country and its deep historical relation keeping in view of China's economically oriented policies and realizing china's rising superpower ability to work in a more progressive and peaceful coexistence environment. Pakistan is China's core strategic partner in Asia and China always supports Pakistan in its all time of crisis and helping in the economic sector.

Economic and trade relations are the highlights in their diplomatic relations. China is emerging as a socio-economic player in the world politics to change the core of the world with collaboration and explore more options to bring the world closer with gigantic project designs and regional and international alliance. Pakistan is helping China to achieve its goal in this multipolar world system and changing world dynamics as a trade and economic partner. With the construction of CPEC project and Gwadar port, China will have access to strait of Malacca, and reach into the Indian ocean. This development will not only benefit to China, but also create an integration among the regional states for their trade purpose. (Muzaffar, Yaseen, & Rahim, 2017).

### **Belt Road Initiative (BRI)**

China in connecting the world with its BRI project and linking the world with it. This region has become China's most reliable strategic and economic potential and plays a core role in China's President Xi Jinping vision of connectivity through cooperation. President Xi is pursuing its interests through BRI. Despite the region's significant potential in the economic sector, the geographical location makes it a reliable source for China's BRI initiative. BRI is a mega project of China that aims to connect the whole world. Pakistan is playing a vital role in China's big dream. China's rising economic influence on the world provides opportunities and brings socio-economic development in Pakistan. In the sector of economic cooperation, Pakistan, and China along with their long historical relation builds high level partnership. China-Pakistan Economic Corridor (CPEC) is the primary project of BRI estimated \$60 billion collection of projects which has full potential to bring a change through vast economic activities. Once CPEC becomes fully operational, it will give China access to the Arabian Sea and shortest route for its trade activities. (McBride, 2020)



China is affecting the region specially Pakistan directly with its economic potential, all the plans and project and its positive approach towards the socio-economic development for its neighboring countries.

### China Pakistan Economic Corridor (CPEC)

It's a flagship project between China and Pakistan announced in 2013 by the Chinese premier Le Qiquang. From that day, CPEC is moving towards into a new era of development covering the industrial and agriculture sector. Pakistan government plays a maximum level role to facilitate

China and do cooperation to complete these projects in minimum time frame. China is also exploring Pakistan's potential in different fields like IT, Industrial technology, and Steel manufacturing so natural resources as well as human resources can be utilized for mutual benefit. (Razzaq Dawood highlights new avenues of CPEC cooperation, 2020)

The project was announcing with the vast development in energy sector which Pakistan was facing heavy difficulty. To construction the roads and railways, energy sector plays a vital and crucial role. With the completion of first phase of CPEC, the energy sector is progressing rapidly. This sector includes the various mode of production of like, coal, wind, thermal and hydro. (Naseeb, 2018)

The 64\$ billion project is as important for China for connecting China strategically to the world. China leaders hold the idea that this investment will create an economic growth in both sides with vast movement of people which will bring social development and stability. An improved security environment is needed to secure the economic routes and counterweigh the India involvement in militant activities in tribal areas of Pakistan and western side of China. By creating these trade routes and more involvement and commitment in economic and defense sector will create a good environment and stability in the region. (Mardell, 2020) & (Shah, Muzaffar, Yaseen, 2020).

### Shanghai Cooperation Organization (SCO)

China is also creating platforms like Shanghai Cooperation Organization (SCO) to enhance the opportunities for the regional players to participate not only in regional integrity but also in the development of regional growth. Pakistan's geo-political importance in the region and it will play a prominent role with its economic potential trade routes in the region. Also, SCO has become an opportunity for Pakistan's strategic options and its

dimension from west towards east. As it will allow Pakistan to rely more on regional partners with China new economic designs for its economic and trade development and enhance regional cooperation. Pakistan has the opportunity with China's close link and friendly relations and development in CPEC bring a massive change for Pakistan's role in the region. After the joining of SCO in June 2017 Pakistan with the CPEC project and members of SCO taking serious steps towards the regional politics and situation. Shanghai Cooperation organization is an important alliance platform, it has played a vital role in minimizing the security concerns in the region and with full cooperation and participation Pakistan can achieve more. To do so, Pakistan's policymakers understand the potential of SCO platform and its benefits and is working more closely on the member states not only the founder state China with whom Pakistan have already been in admirable good relations but work closely with other member countries and specially the CARs states. For now, Pakistan is in good relations with CARs states and developing good ties in diplomatic, economic and security fronts. The inclusion of Pakistan in SCO is not only beneficial to Pakistan, but Pakistan is providing the Eurasian states the best route and a gateway to Arabian Sea. With a positive attitude and understanding from member states the regional integration will be improved. (Rauf, 2019) Pakistan faced many challenges at national and international level. Pakistan's strategic preferences always lie towards the west for its economic and security purposes. Pakistan had challenges to cope up with regional alliances and regional security matrix. With the changing world politics scenario, Pakistan's policy makers are thinking of a strategic shift towards its more regional alliance and Eurasia is in its top priority. SCO is providing Pakistan an opportunity to gain more trust with other regional states. (SCO to deepen cooperation with Pakistan, 2020)

Being the part of the SCO two major powers of the world China and Russia in it, will create new avenues of development for Pakistan. It will not only take a burden out on western market for Pakistan, but also create and present a good image for Pakistan. As Pakistan is the country which has been facing all these challenges since its inception. China as the founder country of SCO always admires Pakistan's role fighting against its challenges. The more common causes will enhance the opportunities of work together. It is uniting the members on a single platform. (Pakistan and SCO: Building common understanding, 2015)

### **Explore New Avenues of Cooperation**

Pakistan relation with China have been got into new avenues with large sector cooperation majorly in economic fields. The cooperation starts with diplomatic relation and reaches to strategic partnership. The geopolitical and geo strategical reliability is more profound in this relation. Pakistan's strategical importance is enriching China's vision policy and makes this partnership to the strategical level along with economic and defense assistance. This approach is making new avenues of cooperation with vast level of visits and signing of memorandum.

Economic assistance and defense cooperation through CPEC which is providing the China gateway and brings economic prosperity and development in Pakistan. The challenges of security and the international system which is changing very rapidly and in multipolar world where Pakistan as a Muslim nuclear state and have the geographical important location and China's vision of becoming world power through its gigantic economic plans have change the picture of this region. Although CPEC routes have been secured by defense cooperation and maritime assistance.

A deep strategic commitment is very important and completion CPEC project will provide stability to this commitment. China has balanced policy towards its projects but along this, the United States interests in the region and counter China through its natural ally India is putting the efforts in stress and creating tensions. India plays a front-line role for US strategies in Asia and contains China to become the economic power in Asia. Pakistan and China relations provides a stability in the region and for the prosperity and the growth this relation need to be more strengthen but it is facing difficulties as US is trying to start

another cold war and influencing these projects by its tactics. Although, Pakistan is opting a balanced approach to maintain its relationship with west as well as east (Latif, 2021).

### **People to People Contact via Academic and Cultural Exchanges**

Pakistan and China have had deep civilized relations back to centuries. This civilization has a vast impact on people to people contact in both relations. Public opinion plays an important role in maintaining diplomatic relations. Public support has a direct link to the success of any project. In case of Pakistan and China, public support has always been so positive. It was a deep-rooted heart linked toward nation, states can be able to build such a long-standing, viable and strong relation. Both states work an immense amount of work to interact with people of their nations to interact with each other via cultural exchanges, academic cooperation, easy visa entry, workshops and so on. All the developmental programs along with CPEC which is providing a vital opportunity to people to people contact. With CPEC, cultural exchanges along with research and development programs have been conducted mutually beneficial for both nations (Makhdoom, 2019) & (Begum, Ashraf, & Muzaffar, 2019).

### **New Avenues in Health Sector**

Along with the economic and defense sector assistance and collaboration, both states facilitate each other in the humanitarian sector. China enhanced its support in Covid-19 pandemic for Pakistan. And Pakistan during China's fight against Covid-19, immediately sent paramedic aid packages to China. Pakistan not only supports China with aid packages but also supports morally and opposes the targeting of China for this pandemic. China after the fast recovery from this pandemic, supports Pakistan with supply of vaccination and revives its own economy. China with the CPEC project enhances its cooperation through CPEC and builds the health care sector in Pakistan. This pandemic brings Pakistan and China into healthcare cooperation. (CPEC to open new avenues for health cooperation, 2020)

### **Conclusion**

Marking the 70 years of diplomatic relation which has through and thick situations, opportunities along with difficulties but achieve this mega friendship partnership is precedent. The progress of this relation has a marvelous future. Trying to assist each other and cooperation in various situations and programs paved the way to an even better future. More importantly, by each passing day the diplomatic relation touches the new ground of strategic ties which integrated into each other diplomatic relations. The changing environment of the world where states are rethinking their policies, Pakistan and China are working on further deep root relation. The picture of this relationship not only makes an example to inter-state diplomatic ties but makes a reliable change in regional atmosphere and collaboration which is changing the regional politics and its shape in a positive way. The determination of China's vision to mutual cooperation is a gateway for Pakistan to build their economic sector and play a part in regional development. China seeks to change the international market and secure its global presence and Pakistan is providing access to the Chinese dream. Both states need each other to reinforce the new realities of the world. Top leaders from both sides showing the world their fully commitment approach as they need even more strong and understandable diplomatic relations in the coming years.

**References**

- Akram, K. T. (2021, May 20). *70 Years of Exceptional Friendship between China-Pakistan*. Center for global and strategic studies CGSS
- Begum, S., Ashraf, I., & Muzaffar, M. (2019). Pakistan-China Iron Brother: A New Horizon of Interstate Relations. *Orient Research Journal of Social Sciences*, 4 (II), 269-279
- Katharine A. F. B. (2021). *How China and Pakistan Negotiate*. Carnegie Endowment for International Peace.
- Latif, I. S. (2021, March 5). Sino-Pakistan ties: Diplomacy to strategic partnership. *Politics-Asia Pacific*
- Makhdoom, M. (2019, July 4). People-to-people cooperation key to further strengthening China-Pakistan relations. *Global times*.
- Mardell, J. (2020, may 20). *The BRI in Pakistan: China's flagship economic corridor*. Mercator Institute for China Studies MERICS
- McBride, A. C. (2020). *China's Massive Belt and Road Initiative*. Council of foreign relations CFR
- Muzaffar, M., Yaseen, Z., & Rahim, N. (2017). Changing Dynamics of Global Politics: Transition from Unipolar to Multipolar World. *Liberal Arts and Social Sciences International Journal*, I (I), 49-61
- Naseeb, Z. (2018, November). China Pakistan Economic Corridor: An opportunity to development of energy sector in Pakistan. *ICRANET*
- Pakistan and SCO: Building common understanding*. (2015). Center for Pakistan and Gulf Studies
- Rauf, S. (2019). Shanghai Cooperation Organization (SCO): Opportunities for Pakistan. *NUST Journal of International Peace and Stability*. VII (1), 15-26
- SCO to deepen cooperation with Pakistan. (2020, July 22). *The News*.
- Shah, S. T. A., Muzaffar, M., Yaseen, Z. (2020). Debunking Concerns of the New Delhi over CPEC, *Pakistan Languages and Humanities Review*, 4 (1), 33-46
- Yaseen, Z., Afridi, M. K. & Muzaffar, M. (2017). Pakistan and Chinas Strategic Ties: Challenges and Opportunities in Trade Perspective. *Global Regional Review*, 2 (II),16-30
- Yaseen, Z., Jathol, I., & Muzaffar, M. (2016). Pakistan and India Relations: A Political Analysis of Conflicts and Regional Security in South Asia, *Global Political Review*, 1 (I), 1-09