



Analyzing Pakistan's Geoeconomic and Geopolitical Importance to BRI

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Abstract

The "Belt and Road" initiative (BRI) has built a bridge linking China with countries along the belt and road. BRI related issues are no longer an abstract debate, as many projects have been implementing or even have been completed in recent years. Pakistan, as a traditional friendly neighbor of China, has actively participated in the initiative, providing new opportunities for bilateral economic cooperation. With its China-Pakistan Economic Corridor (CPEC), Pakistan plays a vital pivot. It becomes a lynchpin of BRI as CPEC connects important sea routes to western China, which is surrounded by land. This article, therefore, is an analysis of Pakistan's role in the Chinese initiative, including geo-economic and geopolitical importance of Pakistan for China, and the importance of Gwadar port for China and projects of CPEC in Pakistan. Unlike current debates which usually conceptualized BRI in a hegemonic, mercantilism, or economic starcrafts context, this study finds the importance of geography and economic security concepts for both Pakistan and China as influential factors along with other factors.

Keywords: One belt one road; Pakistan; China; Geoeconomics; Geopolitics; Gwadar port; CPEC.



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1. Introduction

On April 10, 2018, President Xi Jinping said at the Boao Forum for Asia (BFA) that "we should make 'One Belt and One Road' (OBOR) the most extensive platform for international cooperation in line with the trend of economic globalization, and let the joint efforts of 'One Belt and One Road' bring more significant benefits to the people of all countries." (Varma, 2018). The BRI initiative has built a bridge between China and countries along the route. Over the past seven years or so, BRI is no longer just a blueprint for regional development. However, in practice, many aspects of it are being implemented, and even some of them have already been completed. To date, China has signed cooperation agreements with more than 126 countries and 29 international organizations and received positive responses from more countries and international organizations (Xinhua, 2019). Significant progress has also been made to major projects. According to the report of Office of the Leading Group for Promoting the Belt and Road Initiative (2019), China-Laos Railway, China-Kyrgyzstan- Uzbekistan highway, China-Russia crude oil pipeline all have steady progress.

As a traditional friendly neighbor of China, Pakistan has also become an important pivot, link, and model country of the Chinese initiative. On December 18, 2017, China-Pakistan Economic Corridor Vision Plan integrated China's "One Belt, One Road" initiative, and Pakistan's "2025 Development Vision" to coordinate the construction of corridor planning and promote the development of the two countries. In January 2018, Pakistani Prime Minister Abbas said that the spirit of the "Belt and Road" coincided with the theme of "building a common destiny in a divided world." Indeed, BRI is entirely in line with the vision of cooperation and development of Pakistan and could bring some tangible benefits to its people. China-Pakistan economic corridor could create more jobs, improve infrastructure, promoting transport connectivity, and boost trade and investment in Pakistan. The Pakistani government is also considering replacing the US dollar with the Chinese Yuan as the currency settlement when conducting bilateral trade with China.

Although Pakistan plays a central role in the Chinese initiative, most studies, examining CPEC, have focused only on highlighting economic or geopolitical aspects of China- Pakistan BRI cooperation. Nevertheless, in the pursuit of the corridor program, there are some geopolitical, commercial, and economic factors parallel to each other. Further, current studies have attempted to explain the motivations underlying the bilateral relations between the two countries within different theoretical frameworks, but have limited detail, and none have addressed the importance of the physical environment (Blanchard and Flint, 2017). In this study, however, by developing an analytical framework and by using geo-economics, all of the geopolitical, geographical, and economic factors in combination have been examined to explain the factors driving current bilateral cooperation between two countries. Indeed, by reducing the military importance and rise of the concept of economic security in international relations, one can no longer rely solely on classical geopolitics to analyze the balance of power. Analysts speak of increased competition

on the international scene. However, the nature of the competition will no longer be like the Cold War political and military but instead will be economic tensions and rivalries (Bremmer, 2012).

In this context, the importance of economics in analyzing international relations has become more evident than ever. China's energy security-based foreign policy, Brazil's efforts to diversify its export market, the importance of boosting foreign investment in India's foreign policy all indicate that emerging powers are focusing more on economic priorities than before (Mattlin and Wigell, 2016). BRI, as China's grand foreign strategy, is mostly shaped based on economic factors. Its full realization is expected to, directly and indirectly, affect the 70 percent of the world's population and 55 percent domestic national production (GNP) of the world (Pu, 2016). China-Pakistan economic corridor (CPEC) is a vital part of BRI not only has the potential to transform Pakistan's economy to the new level of industrial development but also can promote Pakistan's economic and political position in the region. Although there are many arguments that China seeks to dominate Pakistan through CPEC, this study conducts a new analytical approach. It assesses that the primary driving force explaining current CPEC cooperation between the two countries is based on the importance of the concept of economic security for two sides.

In this paper, hence, we first examine the importance of Pakistan in BRI and then consider the main geopolitical and geo-economic factors. Unlike current debates which usually conceptualized BRI in a hegemonic, mercantilism, or economic starcrafts context, this study also finds the importance of geography and economic security concepts for both Pakistan and China as influential factors along with other factors.

2. BRI in Pakistan: A Geo-Economic Perspective

At present, the joint construction of CPEC has entered a new stage of comprehensive implementation, which puts forward higher requirements for theoretical construction. Geo-economics is a useful perspective for the understanding of "One Belt and One Road" in general and its CPEC in particular. However, it needs to make a new interpretation that is emphasizing relevant interests, following the logic of cooperation and taking geo-economics as the dynamic variable between countries.

Unlike classical geopolitics, which assumes the physical control of territories as the main bases of power and national interest, geo-economics emphasizes the importance of economic ties binding states together. Most scholars who studied CPEC have seldom explained China-Pakistan cooperation in a geopolitical context and have failed to examine geo-economic aspects existing in mutual relations. This paper addresses this weakness by exploring key factors driving CPEC from a geo-economic perspective.

As Wigell (2018) argued, geo-economics could refer to both a foreign policy strategy and an analytical approach. Geo-economics resonates with the importance of economics in power projection and gives scholars a new conceptual tool to analyze international relations beyond perceiving military force as the ultima ratio. In geo-economics, one could examine how the economic instruments are applied by states to reach particular strategic objectives in a specific geographical area. "Geo-economics" has the following primary contents:

- (1) The Spatio-temporal relationship, distribution status, operation mechanism, and track of economic development and economic volume in international relations.
- (2) The interaction between world economic phenomena and geographical relations, geographical location, and its laws.
- (3) The interactive effect and influence of geographical phenomena and geographical relations on international society's economy and culture.
- (4) Provide a theoretical basis for international strategies, regional economic and cultural development strategies of various countries, and provide a comprehensive theoretical basis for economic and cultural development, design, and planning.

BRI is mostly functional cooperation between China and countries along the silk road based on a specific geospatial environment. On the one hand, the geo-space environment of Eurasia makes infrastructure and production capacity cooperation the main content of functional cooperation to a large extent. It takes the former as the priority of the area. On the other hand, functional cooperation, in turn, is slowly reshaping the geographical and spatial map of Eurasia, pushing Eurasia into a strongly connected geographical map and a balanced trade map.

2.1. Geopolitical Perspective

Geopolitics is a required field in political geography. The primary view is that the formation and development of global or regional political patterns are influenced or even restricted by geographical conditions (Agnew, 2004). It analyzes and predicts the world or regional strategic situation and the political behavior of the countries according to the geographical situation of various geographical elements and political patterns. Over the past century, geopolitical scientists have come up with three theories that describe how to control the world from a geographical perspective.

British Mackinder's "land at heart" theory holds that whoever controls Eurasia controls the world (Bassin and Aksenov, 2006); The "land-sea fringe theory" of American Pickman holds that whoever controls the land-sea border controls the world (Murphy, 2010). Not long ago, Steve Bannon, a former White House strategist, on *The Future of the Global Order Colloquium* (2017) argued that China's "One Belt and One Road" initiative, a three-pronged attempt to control the world, must be resisted, and so on. It should be pointed out that there are essential differences between the mentioned three geopolitical theories and the "One Belt and One Road" initiative, as they are different in time and space.

2.2. Geo-Economic Importance of CPEC

Pakistan's development conditions and environment are relatively weak. However, with the global promotion of China's "One Belt and One Road" strategy, significant opportunities have been brought to Pakistan's development (Nobakht and Madani, 2014). The China-Pakistan economic corridor (CPEC), jointly built by China and Pakistan, is 3,000 kilometers long, connecting the "silk road economic belt" in the north and the "21st-century maritime silk road" in the south. The CPEC, with an estimated total investment of \$62 billion, consists of some key projects, including the China-Pakistan free trade zone, China-Pakistan railway, and highway projects. Accordingly, \$35 billion is earmarked for energy projects, and \$15 billion is to be invested in infrastructure, Gwadar port, special economic zones, and mass transit schemes (Hussain, 2017). In many ways, CPEC is a privilege for Pakistan's economy that has been suffering from the crisis of lack of law and order, export stagnation, under-investment, chronic energy shortages, and failing state institutions.

Further, the construction of the CPEC, especially the construction of the China-Pakistan railway and road, is conducive to opening up the sea access in southwest China (from Kashgar in Xinjiang to Gwadar port) and running down into the Indian Ocean from Xinjiang. This will help to build Xinjiang into a key hub of "One Belt And One Road," drive the economic development of Xinjiang and maintain the stability of border areas. At the same time, China is also a big oil importer, with 60% of domestic oil consumption relying on imports. As Shimano mentioned in his previous article on China's oil strategy, China's oil reserves are far from the 60-day reserve of western countries, so increasing imports is still a typical situation in the future.

For a decade, China has been looking for new ways to decrease energy disruption risk. New transport channel added up to a total of 10 pipelines including China and Myanmar oil and gas pipeline, the middle oil and gas pipeline, the South China sea transportation line, Southeast Asia oil and gas transportation lines, northern Africa and the Middle East oil and gas (Sino-Russian border), and Pakistan from Gwadar ashore, transportation to the Kashgar line in China. So the importance of Pakistan as a traditional brotherly state was immediately highlighted.

Moreover, through the CPEC, China can be connected to the Persian Gulf and the Arabian Sea, and thus to the Middle East and beyond, Europe and Africa. Hence, this is a trade route that bypasses the strait of malacca, and it will significantly facilitate trade between Pakistan and China with the rest of the world, including a large part of the energy trade. Pakistani lawmakers, bilateral, director of the institute, Mushahid Hussain, said: "for Pakistan, China and Pakistan Economic Corridor will produce important and far-reaching influence, it can not only relieve the energy crisis in Pakistan, and through the construction of infrastructure and economic development, will further strengthen the unity of Pakistan."

China's western region naturally borders China and Pakistan. From an energy perspective, three oil pipelines in western China lead to Central Asia and West Asia, respectively. From Turkmenistan's gas pipelines and the proposed Pakistani oil pipelines, from a security perspective, strengthening economic cooperation between China and Pakistan will help strengthen the economic development of the two countries, seek peace and development, and maintain a stable pattern in South Asia. Former Pakistani Prime Minister Sharif visited China many times and actively sought to connect its development strategy with China's vision of "One Belt, One Road" construction. The China-Pakistan economic corridor (CPEC) is the main road and rail link between western China and north and south Pakistan. It will run from Kashgar in Xinjiang to Gwadar port in southwest Pakistan. The China-Pakistan Economic Corridor (CPEC) plan not only covers the construction and completion of the corridor, but more importantly, it will encourage the two sides to carry out cooperation in major projects, infrastructure, energy and resources, agriculture and water conservation, information and communications, and create more industrial parks and free trade zones along the corridor.

Pakistan has important strategic and economic significance for China to open up a new onshore oil pipeline. Pakistan is a country on the way of oil transportation from east to west, which seems to be far away, but Xinjiang, China, border it. It is the shortest part of all the routes by sea. Moreover, this shoreline only involves China and Pakistan, which are China's all-weather friendly neighbors, and many problems are more comfortable to solve. Despite enjoying a close relationship for decades, China and Pakistan have paid lesser attention to the economic aspect of their ties. CPEC can fill this gap very well.

2.3. Geopolitical Importance of Pakistan for China

From the perspective of geopolitics, "Belt and Road" crosses Southeast Asia, South Asia, West Asia, and North Africa, and connects with Western Europe through the Mediterranean Sea. These regions not only cross and span China's surrounding regions but also connect Asia, Africa, and Europe, all of which are the best focal points for economic cooperation and expansion of influence. China can directly expand its economic, cultural, and political influence to "One Belt And One Road" neighboring countries through information and materials.

The basic geopolitical situation determines the friendship between China and Pakistan, which is more than anything else from Pakistan's point of view. First, Pakistan is China's neighboring borough, and its geographical location is important to China. Pakistan is located at the intersection of South Asia, Central Asia, and West Asia. Pakistan is also adjacent to the Middle East and Central Asia, close to the Persian Gulf and facing the Arabian Sea, a unique geographical location that facilitates China's access to these areas. Once completed, Chinese and Pakistani road, rail, and pipeline projects could significantly improve the safety of Chinese oil and gas imports from Central Asia and the Persian Gulf by reducing reliance on shipping lanes from the Indian Ocean through the Strait of Malacca to the south China Sea. Southwest from Xinjiang to Iran via Pakistan is the nearest overland route to west Asia and the Middle East. No matter the Iran-Pakistan-India-China gas pipeline under negotiation, or the proposed

China-Pakistan-Iran east-west Asian continental bridge and the China-Nepal-India-Pakistan south Asian continental bridge, all of them undoubtedly have essential economic and practical significance and strategic military value.

Further, Pakistan plays a vital role in the strategic balance and stability of South Asia. Pakistan is second only to India in size and power in South Asia. Most countries in and outside South Asia would like to see a balanced structure in the region. South Asia is one of the most unstable and underdeveloped regions in the world, and it has many problems left over from the cold war. The rivalry between India and Pakistan is a source of uncertainty that could destabilize southwest China. China wants an early rapprochement between South Asia's two largest countries, and Pakistan as a counterweight to India. Pakistan is located in the northwest of South Asia, bordering India, China, Afghanistan, and Iran. Its geographical environment can serve as an essential support point for the Indian Ocean shipping line, and it can also connect railways to the west Asian region through its land. Both "one road" and "one belt" initiatives are of great importance. The biggest bottleneck for western China development is the fact that there is no sea West China. China and Pakistan corridor can solve China's western port problem, the same case for Central Asian countries. CPEC is to promote national interconnectivity, economic integration, especially the development of China's Xinjiang and Tibet in the western region, is of great importance. The deepening of China-Pakistan economic cooperation under the "Belt and Road" can put the strategic position of South Asia's big country, Pakistan, in a prominent position.

2.4. Importance of Gwadar Port for China

As a part of the flagship project of China-Pakistan economic corridor cooperation, Gwadar port has great importance for the Pakistanis. The Pakistani government leaders have repeatedly said that the construction of the Gwadar port should be completed as soon as possible and put into operation as soon as possible. To this end, Pakistan has set up a security force of 10,000 to 25,000 people to protect the construction of the project and the safety of Chinese personnel.

China is also building ports on the Arabian sea to avoid the politically unstable Persian Gulf. The Persian Gulf has traditionally been a U.S. sphere of influence, and the United States will not relax its high security there. By abandoning the Persian Gulf, China is also avoiding the danger of a collision of interests with the United States. China has long adopted a policy of bypassing the Persian gulf. China imports much oil from Amman, for example. Amman accounts for 11% of China's oil imports. Gwadar gives China the ability to escape from the Persian Gulf. With Gwadar, China will also have access to African oil. China has signed oil agreements with emerging African oil countries such as Equatorial Guinea, Cameroon, Gabon, and Angola, as well as already signed oil contracts with Sudan. Port Sudan is on the Red Sea coast. Thus, China will have an important geographical position in the future for a continuous supply of oil from the Persian Gulf.

After the completion of the Gwadar port, not only can drive the impoverished Balochistan province and even the entire Pakistan's economic development will also become a transit hub for landlocked central Asia countries such as Afghanistan, Uzbekistan, Tajikistan. In the foreseeable future, Gwadar will emerge as a modern coastal city, with airports and flights connecting countries around the world, and Gwadar will no longer be isolated. It is predicted that within a few years, Gwadar will be half the size of Islamabad, the capital city of Pakistan.

From a geopolitical perspective, Gwadar located near the throat of the Persian gulf with crucial strategic significance. It is close to several essential sea routes from Africa, Europe through the red sea, the Strait of Hormuz, the Persian Gulf to East Asia and the Pacific. Gwadar is about 400km from the strait of Hormuz, the main conduit for global oil supplies. It is a relevant passage to ensure the lifeline of China's petroleum. Meanwhile, under the overwhelming influence of the United States, the western Pacific and South China sea could be blocked in case of emergency, and the strait of Malacca, a major shipping route, is notorious for piracy. China is trying to secure supplies through a pipeline linking Gwadar to China's Xinjiang province, and better control of the Indian Ocean through the Gwadar military port.

From a geoeconomic perspective, China could also use this port to gain significant access to central Asian markets and stimulate economic growth in northwest China. At present, China is in the "new normal" of excess capital and production capacity and slowing economic growth, so the construction and operation of Gwadar port can become the landing point for China to export production capacity and capital. China has rich experience in port construction, advanced technology, abundant capital, advanced production, Pakistan, on the other hand, has abundant mineral resources, land resources, and cheap labor force, broad market. China's intention to develop Gwadar port with Pakistan is a complementary advantage, mutual benefit, and win-win strategy.

The development and operation of Gwadar port will much attract China's capital and technology, export capital, and production capacity, promote the construction of "China-Pakistan economic corridor", align with the "one belt and one road" development strategy, promote the development and construction of China's vast western region, especially Xinjiang region, and better serve Chinese enterprises to go abroad.

2.5. Main Projects of Belt and Road Initiative in Pakistan

(1) Drilling has been started in the target area of Shandak copper and gold mine in Pakistan

China metallurgical industry can consider Pakistan's copper and gold mine as prospecting target areas of exploration projects. Drilling plans through methods of geological drilling make a preliminary evaluation accordingly and provide the basis for later system productive geological prospecting. This project involves 3,100 meters of drilling work, among which the maximum designed hole depth is 1,500 meters.

(2) New refinery project in Pakistan

Wak Group and Guangdong electric power design institute (Gedi) signed an EPC contract on Aug. 22 to provide engineering, design, and construction services for the Falcon oil refinery project in KP province, Pakistan. This profoundly transformed refinery is designed to process up to 100,000 b/d. The total value of the contract is about \$3.58 billion. The construction period of the project is expected to be 30 months. The development of infrastructure at the refinery site will soon begin, and Falcon's oil project will further enhance emerging trade and economic cooperation between China and Pakistan.

(3) Waste heat power generation project of Baowo cement plant in Pakistan

The waste heat power generation project of Baowo cement plant in Pakistan is developed in the mode of general contracting + financing, with a total installed capacity of 12MW. The formal signing of the project is of decisive significance for China to build the Tianjin power construction to deeply cultivate the Pakistani market and innovate the business financing model.

(4) 2 660MW ultra-supercritical boiler units in Jamshoro, Pakistan

Located in Jamshoro town, 30 kilometers away from Hyderabad city, Sindh province, Pakistan, the project has a total installed capacity of 1320MW and consists of 2 660MW ultra-supercritical units. The northeast electric power design institute undertakes the project design work co., ltd. of China electric power engineering consulting group, and the general contractor of the project is the Harbin electric group.

(5) Independent engineer project of 2× 330,000 kW CFB coal-fired power station in the first phase of Pakistan Thar power station

Pakistan Tal power plant first phase 2 x 330000 MW CFB coal-fired power station independent engineer project two new units 330000 MW subcritical circulating fluidized bed coal, the site of factory, located in the southeast city of Karachi in Pakistan's Sindh province, 450 km of Islamabad, about 30 kilometers from the Indian border, Pakistan's first using local coal of large power projects. After the completion of the project, it will significantly reduce the cost of electricity generation, which is of great significance for easing the local electricity shortage.

3. Limitations and Challenges

The path to China's vision of 'win-win development' has got some inherent limitations. Given the vast array of countries covered by BRI (some 65 countries), a question arises: How can China coordinate its development model to the peculiar conditions of each country in a way that these beneficiaries are least exposed to the potential perils of BRI in the long term. After all, the countries covered by the BRI model are not necessarily governed by the same institutional framework as China. This inference becomes more pertinent in the case of those countries that are more western in orientation but still vulnerable to the influence of China's development model. A closer look at the case study of how Pakistan's domestic settings, in terms of economy, institutions, and socio-political environment, have been impacted by the CPEC scheme, can be an indicator of the inherent challenges posed by the BRI initiative to the member countries.

3.1. Security risks

Pakistan's domestic political situation is volatile, followed by religious reasons. The base of the country is "state religion," although said the country is very uniform. However, it will lead to religious influence when, in the implementation of policy, it can cause a lot of differences and religious forces (Yu, 2017). China is pumping billions of dollars to the projects in Pakistan. However, the question is how China could protect its citizens and assets while too many of these projects are located in the most insecure and politically unstable provinces of Pakistan? Meanwhile, this corridor passes from the Kashmir area, which is a disputed area between Pakistan and India. According to the Global Terrorism Index (GTI)¹ Pakistan is among the top five countries with the most terrorist attacks in the world in 2018.² Afghanistan, Iraq, Nigeria, Somalia, and Pakistan account for 75 percent of all deaths from terrorism in 2018. The Taliban's Pakistani affiliate group, Tehrik-i-Taliban Pakistan (TTP), was responsible for 233 deaths and 56 attacks in Pakistan in 2017 (IEP, 2018). Indeed, as argued by scholars, political instability, violence, and turmoil pose severe threats to the construction of the China-Pakistan Economic Corridor (Sial, 2014). Adnan and Bushra (2016), highlight that security concerns are dangerous, especially in Pakistan's Baluchistan province, where insurgents attacked Chinese engineers and destroyed several pipelines.

3.2. Political Risks

By definition, political stability is a government's capacity to consistently implement policies and laws over time without a sudden change in them due to conflicts or rampant competition between various political parties (Claude, 1975; Madani and Mahya, 2014). One key aspect of political stability is the length of the national leaders' tenure. Indeed, it is proved that irregular change in governments, political unrest, and short tenure of national leadership can negatively impact economic growth in countries (Jones and Benjamin, 2005). From 2002 to 2018, eight different governments come to power in Pakistan, with an average of two years in power.

Unstable governments with short tenure in Pakistan cause inconsistency problems in the implementation of policies as each government determined a different set of priorities for the country. In the recent political change in Pakistan, for example, it is evident that the new prime minister, Imran Khan, alliances intend to continue to make noises about CPEC-related corruption by the Sharif administration, leaving it to responsible cabinet members to play

¹, The Institute for Economics and Peace (IEP) publishes this report annually to measure the impact of terrorism on economic prosperity across countries.

² Global Terrorism Index, Measuring the impact of terrorism. 2018, published by the Institute for Economics and Peace (IEP).

down the Chinese connection. Chinese scholars and people in business have voiced concerns about political disputes in Pakistan and its potential effects on the execution of CPEC projects continuously (Tom, 2018).

3.3. Geopolitical Challenges

China has established and used its financial institutions to facilitate the implementation of the BRI by providing cheap loans and funds to Chinese companies and foreign states. As discussed by many scholars, however, China's presence in development projects of the recipient countries can also enhance its political influence, which consequently will strengthen its global power in the world (Callahan, 2016). Other major regional and global powers, thus, might see the BRI as a severe challenge jeopardizing their interests in the region and on the global scene.

3.4. Geographical Risks

The next challenge is that the geographical factor since India and Pakistan partition; the contradiction between India and Pakistan is more and more profound. The instability of Pakistan's environment seriously affects the development of bilateral trade cooperation. Further, Pakistan's cooperation with China on BRI projects could aggravate tensions between the two neighbors- India and Pakistan. India sees CPEC as a tool that China is using to expand its influence in the south of Asia. The reaction of both the U.S. and India to the Chinese initiative could intensify geopolitical competitions in the region.

3.5. Unbalanced Trade

The trade position between China and Pakistan is asymmetric. China-Pakistan trade has significantly strengthened in foreign trade, but the development degree of bilateral trade is small compared with China's foreign trade scale on the micro. In 2015, China became Pakistan's top source of imports, accounting for 25 percent of the total; China is Pakistan's second-largest source of exports, accounting for 16 percent. From 2007 to 2017, the China-Pakistan trade accounted for only 0.5% of China's foreign trade on average. The trade position between China and Pakistan is in urgent need of improvement. Industries of the two countries are not highly correlated. Pakistan has a relatively weak industrial base, which is mainly reflected in the fact that its global scale, industrial scale, and enterprise-scale are small, and its two categories are incomplete. At present, the industrial output value of Pakistan accounts for 24% of the gross national economy, among which the agriculture-based cotton textile industry is the pillar industry of Pakistan's national economy. China's industry is mainly industrial, and exports to Pakistan are mainly mechanical, electrical products, and chemical products. They have good sales and occupy a high market share, even surpassing some local brands. Intra-industry trade only exists in low-end industries such as cotton textiles. The low correlation of industries will have a significant impact on the trade between the two countries. The lower the correlation, the larger the trade gap.

4. Conclusion and Suggestions

As one of the top drivers of the world economy, China's BRI venture has the potential to contribute to the global development process. The majority of the countries covered by this ambitious project are those that have lagged in the development race mainly (though not solely) because of the poor economic infrastructure. However, this multibillion-dollar model bears some structural limitations. This dilemma is nowhere more acute than in the case of countries like Pakistan, which requires Chinese investments but is liable to undesirable repercussions of such massive financing. There is increasing evidence that CPEC — the 'flagship project' of BRI— carries the risk of straining Pakistan's institutions and economy in the long run. In 2018, the International Monetary Fund (IMF) released a report which indicates Pakistan external debt would increase to \$103.4 billion by 2019. According to this report, the external debt will reach unprecedented levels of 10 percent of its GDP until 2022. IMF warns that Pakistan's external debt is close to a dangerous level, which threatens the country's economic sustainability.

Making BRI a truly win-win and sustainable arrangement, therefore, requires specific precautionary measures to be adopted. Transparency in economic dealings, concern for the impacts (both positive and negative) of massive fundings on local economies and institutions, and compliance with 'governance-related conditionalities' even if at the minimal level are some of the essential prerequisites that China should consider while pursuing BRI project.

Further, BRI is destined to establish new routes linking Asia, Europe, and Africa. The idea of "One Belt and One Road" is based mainly on the economy, but also has political and strategic components and implications. It aims for joint development, shared prosperity, and energy security. At present, bilateral cooperation between Pakistan and China is focused more on providing economic security. The construction of the railway and roads and the development of Gwadar port are all aimed at creating new routes to secure the flows of energy and goods.

The China-Pakistan Economic Corridor will much inherit the benefits as well as the dividends from the overall Chinese dream. The benefits will go beyond \$62 billion in energy and infrastructure projects once they are completed. The BRI has been perceived by Chinese planners and their well-wishers as a game-changer for the entire region and beyond, while the CPEC will be a harbinger of economic prosperity and well-being for Pakistan, China, and the neighboring states. Both projects will work in tandem with trade cooperation, strengthened military alliance, and economic prosperity, and this will promote the tourism industry, energy sector, and removal of poverty, peace, and prosperity and economic development of Pakistan.

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