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CPEC 2.0: Strategies to Maximize the Project's Economic Dividends

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ABSTRACT

This article examines strategies for Pakistan to maximize the strategic and economic dividends of "CPEC 2.0" while navigating its complex, emerging challenges. Moving past the polarized views of CPEC as either a total economic panacea or a vehicle for debt-trap diplomacy, this study takes a grounded middle position to critically analyze the project's sector-specific transformative potential alongside its systemic constraints. The paper further emphasizes the need to structure formal training, internships, and joint-venture labor requirements—particularly targeting underdeveloped regions along the corridor—to transition the national economy from low-wage, low-skill labor to high-value-added manufacturing. Realizing the project's economic dividends demands indigenous, holistic policy execution and a judicious mix of selective protectionism and export-led growth.

Keywords: *China-Pakistan Economic Corridor, CPEC, How to Respond to CPEC's Challenges, Suggestions to Maximize Benefits of CPEC, CPEC'S Realistic Assessment, CPEC's Suggestions*

INTRODUCTION

The discussion would revolve around the following issues, which include: (I) the need for conducting comprehensive studies to assess the challenges CPEC would pose properly; (II) gearing the industrial policy to maximize the benefits of the project;(III) how trade policy should be oriented;; (IV) the critical significance of skill development and its role in maximizing the benefits of the project ; (IV) the crucial role of technology transfer in overcoming the impenetrable barrier [fig.]of industrial backwardness; (V) the urgent need to grapple the environmental degradation the project would cause; (VI) the resolution of the complex issue of negotiating with chronic industrial backwardness of the country in the neo-liberal economic era through the pursual of policies aimed at creating sensible fusion between comparative advantage and selective protectionism. Considering the shrinking space for pursuing such policies, this issue has become quite complex.; (VII) the issue of increasing the volume of the country's exports in China and catering to the growing needs of the growing mass of Chinese diaspora in Pakistan; (VIII) pursuing a well-thought-out policy for addressing the transportation-related challenges of the project; (IX}giving thoughtful consideration to the issue of addressing Bloch grievances; (X) devising a mechanism for addressing the grievances of the Chinese regarding the bureaucratic hurdles; (XI) the fundamental necessity of bringing more transparency and disclosure in the public policy on CPEC, and ; (XII) devising a mechanism to ensure the effective role of civilian governments in the decision-making on the CPEC. I further argue that policymakers must develop a comprehensive strategy to negotiate with the challenges.

To what extent the project will benefit the country depends upon answers to certain critical questions, which I alluded to in the previous section. For that purpose, the country's authorities must conduct detailed surveys and carry out impact assessments and research studies to assess the impact of Pak-China trade on different industry sectors. The studies would enable the authorities to analyze the positive and negative impacts of China's growing intrusion into Pakistan's economy. These studies into different project dimensions in specific ways could enable us to do a cost-benefit analysis of the project, which may facilitate more effective policymaking.

Eminent economists like Amjad Azam Chaudhry and Ishrat Hussain explained as early as 2017 that the country needed to bring specific changes in its industrial policy to maximize the project's benefits[1]. There is a need to “structure” the country’s industrial policy to make it more “coherent, well-functioning”. The first and foremost requirement would be setting the fundamentals right, from overcoming energy and gas crises to initiating tax reforms to make the project more lucrative for the “stakeholders” through “easing regulations”. The possible way out could be “by laying down “minimum requirements” to increase their “financial share in the project”, opines Amjad Azam Chaudhry.

To Ishrat Hussain, the project’s success would largely depend on the successful functioning of the SEZs. To make them successful, there is a need to foster transparency and trust in all processes of “leasing”. To ensure these should not end up in the hands of “landgrabbers and speculators”. One possible way out could be to add specific provisions in the contracts “that allotment of land should be cancelled if the project is not operational within three years”.

The industrial policy should further ensure that the SEZs cannot become “exclusive Chinese enclaves”.

To avoid the eventuality, two specific proposals deserve serious consideration: (I) the provision of a level playing field to “Pakistani firms” bourgeoisie and investors, and (II) the Chinese investors should not be allotted land permanently such as “outright purchase” rather the criterion of allotment should be based on “long-term leases”. The government should also be very clear about the optimal and effective utilization of land in the SEZs to gain certainty about the “kind of projects” to be set up there, and all these would require “detailed feasibility studies” conducted by “zone authorities” involving “expert consultancy firms or universities”.

There are various other constituent parts of the industrial policy, such as skill development, technology transfer and suggestions to negotiate the environmental catastrophe the project might wreak. But to enhance the readers' understanding, I discuss them as separate suggestions after the forthcoming point.

As mentioned earlier, one of the pressing challenges of the CPEC would be negotiating with the project’s outflows in terms of paying remittances and fulfilling debt obligations. The main challenge would be settling the deficit the project will augment or widen. To address this issue invariably, the country would be required to set the direction of its trade policy right to ensure that the “country’s exports should increase at the rate of 15 per cent annually”.

Setting the specific dimensions of the country’s industrial policy right could help enhance skill development, find remedies for CPEC’s environmental hazards and negotiate with the country’s chronic entrapment into the mire of[fig.] “low technology”. The next three points deal with the issues.

As stated earlier, the possibilities of skill development, which the project will likely throw open, constitute one of the enduring legacies of the CPEC. Moving beyond the rhetoric, one can explore the specific dimensions of the strategy of skill development. For instance, the authorities must clearly understand the project’s two distinct phases-- construction and operational requiring two different skill sets. They also need to do thorough groundwork on the training requirements of the initiative. These could assume two forms: (i) formal training and (ii) internships. The first could provide exposure to the labour force directly

[1] Amjad Azam Chaudhry, a professor of economics at Lahore School of Economics (LSE), suggested in 2017 that the specific direction of the country’s industrial policy needs to be set to make it a

involved with CPEC. It would require the availability of trainers and the establishment of training facilities. The trainers could be roped from the country's major cities. In contrast, training facilities could be developed in port cities like Karachi and Gwadar. In contrast, the second--internship programme could involve the association of the labour force with the Chinese companies associated with both CPEC and non-CPEC projects. The policymakers should be very clear about the nature and direction of the skill development process regarding the skilled workforce to be trained. Here, the priority should be the people belonging to the country's backwards areas, extending from Balochistan to the Karakorum Highway.

While formulating the skill development policies, the authorities should consider the constraining impact of “low-skill development” and “low-wage labour force” on industrial productivity. One should not lose sight of an inextricable link between “investing in labour and adoption of new technology” as they go hand in hand. Similarly, there is an urgent need to get over our “obsession of cheap labour force”, which does not allow “firms to move beyond producing low-value-added goods”. The model the country’s industrial policy should adopt must enable the country to catapult from low to high-skilled labour. The following excerpt from economist Azam Chaudhry’s article is quite relevant as it further enhances our understanding towards some practical steps that need to be taken in this direction:

“First, stipulate a minimum level of domestic labour for all joint industrial initiatives. Second, create a model that improves working conditions and there by workers’ productivity. Third, ensure that all industrial zones and joint projects automatically include training facilities, with a minimum proportion of these devoted to training women. Fourth, make it mandatory for all industrial zones and joint projects to provide their workers with insurance benefits”.

This kind of strategy could yield enormous benefits as he emphatically asserts that if CPEC could bring about that kind of transformation, then the project has the potential to “revolutionize…(the) model of labour” in the country.

Unfortunately, the country’s environmental crisis remains the least contemplated aspect of the initiative. (In the previous section) The brief illusion of the absence of any environmental impact assessment study further underlines the government’s total neglect of this area. It is apprehended that this kind of inattention and inconsideration on this front might neutralize the total gains of the CPEC the country expected to accrue. Considering the enormousness of the challenge, holistic solutions are required. I have divided the proposed solutions into broad dimensions to enhance readers' understanding. First, the general suggestions; second, the suggestions that call for beefing up the initiative’s regulatory mechanism; and third, the recommendation containing more innovative and technical solutions.

Among the most general suggestions is the launching of an afforestation drive reminiscent of the former Pakistan Tehreek-e Insaf (PTI) Government’s One-Billion Tree Tsunami is recommendable but with a caveat that it should be centred around the CPEC routes where the Pakistani government can assess through studies and surveys about the extent and degree of the environmental degradation caused by felling of trees on a massive scale. But before that, the government should conduct follow-up studies of the previous drive to avoid repetition of mistakes.

Another general suggestion is to engage the Chinese authorities in serious negotiations about the possible environmental hazards accompanying the CPEC in the wake of the re-location of the Chinese industries in the SEZ to avoid the eventuality that China could move its pollutant or “dirty industries” to Pakistan.

Regarding the second set of suggestions, there is an urgent need to improve regulatory mechanisms in this context. A more practical suggestion could be devising a well-thought-out CPEC-related environment protection strategy based on CPEC impact assessment studies. As mentioned in the previous section, there is a disproportionately larger share of coal-fired and thermal power plants in the project's energy portfolio. To neutralize their hazardous impact on the country's environment, there is an urgent need to shift towards renewable energy. The carrying out surveys about "minimum renewable energy requirements" could serve as a good starting point. There is a need to enhance the supervisory control of the Environment Protection Agency (EPA) over the project. The government could launch "a separate EPA evaluation process" for that purpose. It could further help to tighten up CPEC's overall environmental regulation mechanism.

Now, we are moving towards more innovative solutions. Here, I suggest a couple of suggestions: (I) Emission control devices like catalytic convertors could be fitted into vehicles on the Gwadar-Khunjrab Highway. (II) A long-term solution could be "shifting of transportation sector "first towards hybrid (fuel) and then to electric power". This conversion would necessitate the establishment of fuel-recharging stations along the CPEC route, powered by small power plants consuming clean fuel.

Technology transfer should constitute a conspicuous plank of the industrial policy devised to maximize the advantages of the project. This component should remain one of the agenda items of our negotiations with China. Pakistan can get several benefits by pursuing the course. It can help the country break the vicious cycle of a narrow export base, low value-addition, and burgeoning trade deficit. It can further help it move or catapult from the stage of import substitution industrialization to export promotion. The kind of turnaround technological acquisition can bring about in the economy is well illustrated by India's example[2].

India's industrial development can be divided into two broad phases: (I) the Liberal era of Protectionism from 1947—1990 and (II) the era of liberalization from 1991 until the present. Emphasis on the transfer of technology remained the major thrust of Indian policymakers during both phases.

I think it is important also to highlight the transition in India's economic policy. Earlier, the focus was on state-led development with stress on public sector undertakings. The steel and car industry was state-led. The idea since Nehru was that development would be the state's prerogative, and industry would be tightly regulated. Besides that, India also continued with Import Substitution Industrialization (ISI). India achieved a strong industrial base through its manufacturing capabilities and an effective utilization of the public sector in the era. All these gave her a launch pad [fig.], which the country effectively capitalized on in the second phase—the liberal era[3].

In the later phase, a similar emphasis on technological advancement and improvement remained the prime thrust of the country's industrial policy.

1991 was a watershed. The country set itself on the course of export-oriented industrialization even more rigorously, which presaged a change in the norms and the ideational milieu of the state. It was after that Indian companies started becoming global – as major competitors[4]. Even in this era, one sees the

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[2] I am enormously thankful to my dear friend Dr. Himanshu Jha, ………. For providing me with helpful insights for refining my thoughts and sharpening my understanding of all the discussions regarding this point.

[3] How and in what ways did Indian policymakers accord top-most priority to expanding technological capability, as illustrated by the following examples: (I) the country's success in the expansion of the Steel Industry with the Soviet Union's help;(II) the country's quest for nuclear energy as evident from the establishment of the Atomic Energy Establishment Trombay (AEET) in 1954; (III) the establishment of seven technological universities till the late 1960s; (IV) the manufacturing of the first indigenously made car—Ambassador; (V) the necessary groundwork for the country's space programme through Indian Space Research Organization (ISRO); (VI) the development of Integrated Guided Missile Development Programme (IGMDP), and last but not least,(VII) the development of country's chemical industry between 1947 and 1980s(……..).

[4] Look at www.1991project.com.

instantiating desire for technology transfer continues to influence the policy framework profoundly. After this rather detailed illustration,

The narrative of Pakistan's industrialization presents a contrasting scenario. It shows that the country mainly focused on import-substitution industrialization. I would reiterate that if Pakistan follows this course, it could catapult the country on the development course.

The section on CPEC challenges amply highlights the limitations of Pakistan's bargaining position vis-à-vis China, which invariably raises the question of what kind of options the country has to protect its domestic industry. Would it be able to pursue the policies of absolute protectionism in the neo-liberal era? And given the limitations of this option as well, what are the choices it is left with? In this complex situation, the country finds itself in, it would be more prudent to follow/pursue policies to balance the domestic market and comparative advantage.

The discussion in the first paragraph brings to the fore certain complex issues about which the readers would be largely unfamiliar with the domestic market, comparative advantage, and neo-liberal era; therefore, it would be useful to unpack the discussion to enhance the readers' understanding.

The concept of the domestic market entails providing such an enabling environment for the domestic industry that could help sustain the competition of foreign goods in the neo-liberal economic era[5]. David Ricardo, a British economist, presented the theory of "Comparative Advantage" in 1817; while doing so, he differed from Adam Smith. He had propounded the theory of "Absolute Advantage". Smith, talking about diversified structures, held that a nation should strive for "economies of scale" by expanding domestic production. On the contrary, David Ricardo put forward the theory of "specialization". It spoke about how a country's economy should focus on the areas in which it could produce with the least production cost. On the other hand, the country's trade partners "should strive for specialization in the industry that has the smallest cost disadvantage. It would allow "both trading partners" to create more wealth because of an increase in "demand of goods and services".

This theory decisively influenced economic thought on policy and global trade and thus remained a preferred mode of global trade for over a century. However, the increasing differential of revenues and gains between developed and developing countries gave credence to the fact that the comparative advantage only worked in favour of the developed world.

The decade of the 1950s saw the rise of a new area of specialization in economics—Development Economics and its exponents, like Raul Prebish and Hans Wolfgang Singer, voiced trenchant but justifiable criticism of the notions of comparative advantage. Their works showed how the nations belonging to the underdeveloped South, having a comparative advantage in agriculture, labour, and raw material, could not catch up with the developed countries, which enjoyed a comparative advantage in value-added products.Thus, it lagged far behind in the development ladder[fig.][6].

[5] The two research pieces of Thomas Palley provide an in-depth understanding of the concept of the " Domestic Market": (I) Thomas Palley, "Domestic Demand-Led Growth: A New Paradigm for Development" (Alternatives to Neoliberal Conference Sponsored by New Rules for Global Finance Coalition, unpublished, 2002), 1--12, https://www.economicswebinstitute.org/essays/domesticpullledgrowth.pdf,and;(II) -------, "Developing the Domestic Market," *Challenge* 49, no. 6 (2006): 20–34 .

[6] In the 1990s, the writings of a Dutch economist, Alice H. Amsden, further exposed the myths and inadequacies of the theory.

Till 1970, we see that, on the one hand, the detractors of the concept had fully exposed the limitations and irrelevancies of the concept for developing countries. Still, curiously, the same decade witnessed the emergence of the counter-discourse, creating incredulity towards the main postulates of the development theory, particularly the notions of protectionism. Alice H. Amesden's article (1974) on Kenya's political economy typifies the emergence of the dominant discourse of free trade, which became the cornerstone of the neo-liberal capitalist order[7]. Under Augusto Pinochet's rule (1974- 1990), Chile became the first lab to experiment with the neoliberal model. Later, in 1980, US President Ronald Regan (1980—1988) and British PM Margaret Thatcher (1979—1990) emerged as the vociferous protagonists of the model, which "subsequently" was "forced onto non-western economies around the globe". The explicit manifestation of the implementation of the agenda was neoliberal adjustment policies, which were introduced for the first time in 1987 in the form of the International Monetary Fund's (IMF) "Structural Adjustment Programme".

The following passage from Robert Young brings to the fore the policy prescription that it suggested:

> Typically, these involve restrictions on state spending, a free-market system, a reduction of the role of the state, privatization, encouragement of private commercial investment in the state and social sector, abandoning of exchange control, the replacement of international aid for state projects by inward investment by multinational corporations together with small-scale social projects run-by non-government organizations funded by western charities and foundations.

This excerpt amply demonstrates how the IFIs, like the IMF, were asking developing countries to follow a neoliberal deregulation agenda, which was tantamount to substantially reducing the state's role in protectionist policies to defy the policies of the industrialized countries aimed at leveraging comparative advantage for their own benefit.

The virtual fall of organizations like the World Trade Organization (WTO) under the dominance and dictates of the "Developed North" further amply demonstrates how the ideology has become all-pervasive over the years. Now, the situation has come to such a pass that the protagonists of the theory of comparative advantage, riding the crest of the wave of its success, have begun to project it as the panacea for all the problems the developing world faces. In these circumstances, countries like Pakistan have few choices or alternatives except to pursue policies that seek to balance the domestic market and comparative advantage.

The previous section discussed the limitations of the logistics and transportation sector in handling CPEC's transportation burden. If the government fails to take the issue seriously, various lofty claims might end up as pipe dreams. However, one should admit that completing the S6.8 bn MLR-I project might address some logistical challenges. Still, this project alone would not be sufficient to address all the logistical and transportation challenges of the CPEC.

A major part of logistical challenges relates to the bureaucratic delays and hiccups the Chinese investors and industrialists face during the different stages of the projects, from approval to completion. To address bureaucratic obstacles, a one-window operation should be launched. Another practicable suggestion could be the creation of a separate ministry entrusted with the task of handling the transportation and logistics operations of the project.

[7] The purpose of providing reference to Alice H. Amesden's article is not to postulate that it marked the beginning of neoliberal ideology. While tracing the history of neoliberal economic and political ideas Robert Young informs us that one can trace the earliest strings in the form of the theory of "monetarism" in 1960's which was developed by "Chicago school" and later it gained popular currency in "South America".(…..: 53).

Likewise, there is an urgent need to modernize the country's trucking industry. The government needs to devise a coherent strategy for revamping the country's trucking fleet, which is woefully inefficient even to fulfill a fraction of the logistical requirements of the CPEC. Realistically speaking, it requires following what one can call a multi-pronged approach. One way out could be the replacement of "open-type trucks" having small capacity with "large capacity international standard trucks", which are particularly suited to international standards of modern logistical requirements. (Government of Pakistan:11th Five Years Plan (2013—2018): 347). Secondly, to allay the concerns of the proprietors of Pakistan's Trucking industry, the Pakistani government should be very careful about importing trucks from China; while doing so, it should only import trucks above 450-excel load capacity. Otherwise, negligence would virtually lead to the crumbling of the country's nascent trucking industry. Finally, it should yield to the old demand of the country's transporters to implement the Transport Policy 2008.

To what extent can Pakistani authorities address Bloch's grievance? The answer to the question will be the litmus test of the success of the CPEC. The more workable solution would be to ascertain Gwadar's share in the project. (Bengali, 2017). Moreover, the acceptance demand made by Haq Do in 2021, like "the abolition of check posts, elimination of trawler mafia, free border trade, return of confiscated vehicles and boats," could serve as a good starting point for the redressal of Baloch grievances. Ishrat Hussain emphatically asserts that while devising the industrial policy of the CPEC, the government should specifically reserve some "portion in the province for local investors" wherever it deems "feasible" (Hussain, 2010). The government should also ensure the share of all the districts of Balochistan through which the Gwadar-Khunjrab Highway would traverse.

Until now, the solutions to the Baloch grievances I have put forward do not seem problematic for the government to address on the surface. Now, I move to a more chequered political issue: "How to ensure that Gwadar does not turn into a Baloch minority city?" Given the trend of migration and settlement to Gwadar, the eventuality would come to pass sooner rather than later. Redressing the issue would require a lot of flexibility and prudence on the state's part.

Before proposing a solution, let's explain the twin challenges the Pakistani government faces. One dimension pertains to providing security to the investors, businessmen, and settlers of non-Bloch origin /ethnic stocks in Balochistan, which will outnumber the locals in a few years. And in the coming decade, their population proportion will increase manifold. Obviously, without ensuring the security of their lives and property, the vision of CPEC could not be realized. Therefore, this issue would remain the government's top-most priority.

The other challenge is negotiating the eventuality of turning the local Baloch into a minority in the virtual Bloch heartland. I would insist that it would require an "out-of-the-box" solution. One which I am going to propose here is that the country's parliament should pass a special act ensuring that settlers of non-Baloch origins, barring the Pushtun settlers of Balochistan, would relinquish their voting rights for a specified period—say for 99 years.

The suggestion appears to contravene the fundamental law of citizenship in Pakistan, as the Constitution does not impose such a prohibition on any citizen. I argue that state authorities should not always look at innovative solutions to the chequered problems of nation-building, communalism, and politicization of ethnicity through the lens of [fig.] legality. To support my contention, I quote an excerpt from Mohammad Ali Jinnah's plea before the All-Parties Conference at Calcutta convened to approve the Nehru Report on December 28, 1928. While pleading for the inclusion of Muslim demands, he made an impassioned appeal:

> Look at the constitutional history of Canada and Egypt. The minorities are always afraid of majorities. The majorities are apt to be tyrannical and oppressive, and particularly religious

> majorities and minorities, therefore, have a right to be absolutely secure. Was the adjustment between French Canadians and British arrived at on the population basis on the ground of pure equality? Was the adjustment between the Copts, Christians and Mussalmans in Egypt regulated by such considerations? We are dealing with politics. We are not in a court of law, and therefore, it is no use resorting to hair-splitting and petty squabbles. These are big questions and they can be settled only by the exercise of the highest order of statesmanship and political wisdom.

Let us briefly analyze the excerpt to understand what kind of solutions to the chequered issues M.A.Jinnah tried to divert attention towards. What kind of fears do minorities harbour, and what kind of tendencies do majorities exhibit that instil fears in minorities? How did Egypt and Canada resolve these complex issues? What is the main difference between the approach to resolving the issues of politics and the Court of Law we need to understand? And what kind of spirit should prevail in addressing the political questions?

Though M.A. Jinnah was trying to resolve the fear of religious minorities, his plea for addressing the chequered issue provides insights that resolving the thorny issues requires policymakers to think outside the box. But one can very well imagine the issue the unplanned migration in Gwadar will create. This issue cannot be amicably resolved without opting for what I earlier described as out-of-box solutions.

From politics, we once more move to suggestions that fall within the domain of economic solutions about how to make the CPEC more and more beneficial to the country. One can argue that the upshot of all the economic policymaking regarding the project is how to make it more efficient and maximize profitability. One useful way to achieve this is to do thoughtful contemplation on creating potential synergies between various stakeholders like (I) local suppliers at tehsils, local cities and districts; (II) the proprietors of businesses; (III) the Chinse businessmen and (IV) increasing access to expanding market in the region as a result of the launching of the of CPEC and BRI initiatives. In addition to these, taking due consideration of the fundamentals of supply chain management like proper evaluation of local efficiency and performance, enhancing understanding and ability to assess and quantify prospective risks and hazards of the supply chain, learning and acquiring operational decision-making skills and devising strategies and mechanisms for implementing sustainable practices, could create greater efficiencies for Pakistani businessmen and industrialists. In a nutshell, this kind of synergistic approach could bring efficiencies in the local market and make the country a more effective player in supply chain management at global and regional levels.

The extent to which the CPEC proves beneficial to the country largely depends on how the country's policymakers understand China's domestic problems and needs and requirements of the growing mass of Chinese diaspora in Pakistan. In my view, both issues merit specific attention. First are the pressing needs of China's increasing population, and second is the country's ability to cater to the requirements of an increasing Chinese population in Pakistan. Let's address them one by one.

The critical needs of China's population are inextricably connected to a host of issues: the country's endemic food crisis, the resultant issues of food insecurity and the frequent changes in China's population policy, particularly since the last two decades have moved from One Child policy to Three Child Policy.

Suppose we peel away another layer of the issue[fig.] and go into a deeper analysis. In that case, one has to consider two overriding concerns of Chinese policymakers influencing the whole gamut of the political economy of CPEC and BRI. First, the county's greater focus on ensuring the supply of raw materials and food imports by increasing reliance on the neighbouring countries to overcome the chronic food shortages, and the second, the paradigmatic shift in a growth strategy, which the scholar referred to as the " fundamental re-ordering" of the country's growth strategy.—a "transition from a manufacturing-based economy to one driven by domestic consumption". One main challenge China faces is sustaining the high growth witnessed between the 1990s and 2008, which could be kept to that level later. Thereafter, growing concern about a decline in growth compelled policymakers to explore what one can describe as the new "engines of growth" or, in simple words, other growth alternatives. To execute or implement the strategy, the Chinese government has directly and specifically focused on increasing domestic demand/ consumption through poverty alleviation to increase the purchasing people of large sections of poorer segments of the population and make Chinese consumer buyers of the country's own products and made re-export the surplus through corridors—supply lines/ chains of imports and exports as an integral part of the BRI and CPEC.

Though one cannot dispute that Pakistan could become a major beneficiary of the Chinese vision of CPEC, as Shahid Javed Burki rightly pointed out, here lay a window of opportunity for the country in certain ways. How does it prepare itself to cater to China's increasing demands? A more workable solution could be for our policymakers to consciously enhance Pakistan's share percentage in China's agricultural imports. According to one finding, till the beginning of the twenty-first century's second decade, it was 0.5 per cent of the food import bill of $ 111 bn. The agricultural vision of the project CPEC's long-term plan embraces some specific measures to enhance agricultural productivity. However, the piece's author would insist that our government should not remain content with a vision for agriculture that the CPEC LTP articulates. Rather, their agricultural strategy should attempt to resolve the major problems the sector faces, like uneconomic land holdings, water crisis, low per acre yield, etc., through reformative measures like structural reforms, post-harvest value addition and the development of the sub-sectors of agriculture like forty, dairy, livestock, and horticulture, to name only a few.

I would argue that the more efficient the country's agricultural sector would become, the more beneficial the CPEC could be. However, this would require implementing innovative thinking, through astute policy execution. Launching the Khyber-Pakhtunkhwa-China Sustainable Donkey Development Programme in April 2017 by the former provincial government of Pakistan Tehrik-e Insaf (PTI) in KPK can cited as an example of the beginning of this thinking to explore new avenues for the country's exports. The project was launched to cater to the great demand for donkey hides used in traditional Chinese medicine.

It would not be out of place to cite a probing question that Anjum Altaf, a journalist and analyst, asked in March 2017: "What will Pakistan be exporting via the corridor given its grossly uncompetitive economy?" Though on the surface, it has a sarcastic wit, I would argue that it merits serious consideration and could serve as a starting point for devising such a strategy to make China an attractive destination for Pakistan to enable the country to come to the position where it could be able to contribute a sizeable share in China's imports.

Let's shift the focus of the discussion to catering to the needs of what I referred to earlier as "the growing mass of Chinese diaspora" in the country to develop a niche market for the country's industrialists and businessmen at home. I would stress fulfilling or satisfying the basic requirements of increasing Chinese nationals in Pakistan. Hasaan Khawar (2017), a public policy expert, identifies some of these: "They need restaurants, grocery stores, cultural activities and educational facilities besides interpreters and domestic staff". He further offers another helpful piece of advice that the country should plan ahead for developing "China towns", as their development has become a typical feature of "almost all large metropolitans of the world".

In brief, all suggestions highlight that the debate about creating a niche market for Pakistan in China and catering to the requirements of a growing Chinese population cannot be carried out haphazardly. Rather, they could be met through a coordinated approach.

There is a dire need to dispel what one can describe as "the haze of uncertainty" surrounding the project, which is largely an offshoot of a lack of transparency and disclosure of various key aspects of the CPEC.

To address the issue, there is a serious need to increase the element of trust and ownership of the project. If inherent ambiguities surrounding the CPEC are not clarified, then they would reinforce the impression among sections of the public about the sinister motives of China to colonize Pakistan. Sadly, in this age of hybrid war, the detractors of China, like the US and India, have been able to cast doubts about China's ambitions of launching the BRI and CPEC. To cope with the challenges, the Pakistani government can adopt the following course: (I) holding in-camera sessions of both houses of Parliament. Chinese officials could also be invited into these: (II) facilitating the entry of Pakistani industrialists into the SEZs and providing them with a level playing field, and (III) carrying out research studies and surveys by government bodies, universities and civilian thinktanks about the critical dimensions of the CPEC.

Admittedly, all the project details related to what transpired between the states cannot be disclosed to the public immediately. Nevertheless, conscious efforts to bring more transparency would help dispel (mis)impressions caused by half-baked research lacking credible sources, combat the misinformation campaign, and counter propaganda wars. Importantly, it will enable the government to at least keep public opinion informed during the critical phase of CPEC before its completion, which one can label as the gestation phase of the plan. Once it becomes fully operational, then, many niggling doubts about the project will automatically get cleared up.

The authorities need to ally the (mis) perceptions about China's sinister motive of subjecting Pakistan to its imperialistic control. The starting point of the thinking could be to avoid making sweeping generalizations about the uniform nature of China's ambitions for BRI. Here, I agree with Ayesha Ahmed (2017), who maintains that BRI does not have a singular impact. She asserts that if one considers there would be a "uniform impact", then this very" "notion" seems to be "mistaken". Considering Chinese involvement in Africa, no one can highlight or trace "uniform impact, imperialist or not, on a singular Africa". In other words, one should not hold any allusion or disillusion about that, as the impact has been differential. Secondly, the African experience further highlights that the "role of African agency" has been critical in "moulding the nature of Chinese activities in the continent". Therefore, the policymakers need to take a cue from the African instances. Then, further narrowing down the focus of the debate to China's intrusion in Pakistan through the CPEC, she argues that "the fate of CPEC lies much in the hand of "Pakistani" agency "as does in the hands of Chinese agency"[8].

Because of the military's dominance in the country's economy, media and society, there is no denying that the military has gained greater control over the CPEC. As alluded to earlier, this has already made and could make Pakistan's CPEC vision very India-centric. Adopting the course could make the country potentially more vulnerable in the region. Similarly, no one can deny the negative consequences of dissonance between political and military elites over the vision of the CPEC. How do we tackle the issues? Civil-military consensus may help to bring in the element of transparency in the project. One cannot over-emphasize the importance of consensus-building for effective policy implementation as it constitutes the first step in the three-staged processes; the other two include planning and execution. Therefore, a coordinated effort is required to set the direction of the CPEC-related public policy right. This kind of policymaking may help remove the haze of doubts that are increasingly thickening in an era of hybrid warfare. It could further help to engender a sense of ownership among the public.

I want to add that the military should demonstrate self-imposed restraint to rein in its proclivities to dominate the CPEC. And allow a greater say of the political elite in decision-making, which would help

[8] She further identifies the constituent components of the Pakistani agency as well. These include: "the political elite, civil society organizations, trade unions and other organisations".

make the country's foreign and regional policies less India-centric, thus helping bring more inclusivity to the project.

SUMMING UP

The first section of the article presented a brief overview of the CPEC-related challenges that the country might face. It argued that without taking cognizance of the challenges, the policymakers could not devise a coherent strategy that may enable us to maximize the project's benefits.

In my previous article on the CPEC published last year, I took a detailed look at the project's challenges and opportunities. This piece began with a brief description and analysis of the initiative's benefits and the challenges it poses.

The focus of the article was to propose solutions to maximize benefits from the project. It emphasized the need to formulate a clear-cut industrial strategy; this strategy should be part of the broader national policy. It also emphasized that the country would not be able to cooperatively capitalize on the project's benefits without a national policy. I argued that without assuaging Baloch grievances, a conducive environment could not be created to facilitate the successful execution of CPEC projects in Balochistan. The article emphasizes the desirability of skill acquisition by arguing that without enhancing skill development, the country cannot accrue maximum benefits from the project. I further highlighted in the piece that the Pakistani authorities should not allow a negative consensus to be developed among the public because this would reinforce the impression that the Chinese, through the project, are determined to exploit Pakistan. The only way to avoid this eventuality is to bring more transparency and disclosure in public policy.

It appears to be a very common, rather oft-repeated theme, which most Pakistani scholars have portrayed exaggeratedly by depicting a win-win situation. My article complicates this picture by highlighting critical limitations that try to problematize the rosy scenario that most of the scholarship on CPEC in the country seeks to construct. The piece's author took a middle position by neither projecting CPEC as a magic wand that could catapult the country to the rank of middle-income countries nor conceiving it as an ingenious ploy by China to entrap Pakistan into debt-trap diplomacy. Rather, I argued that the project has the potential to bring substantial transformation in certain sectors; however, these benefits could only be achieved through a realistic assessment of the project's challenges and opportunities.

While concluding this debate, it would be relevant to briefly summarise the beneficial aspects of CPEC and provide the crux of the strategy the country should follow. If one comes to the prospective benefits, one can identify a number of sectors in which the project could contribute to development. The first is the logistics sector, where launching the ML-1 project could significantly upgrade the country's debilitating railway system, and the labor sector, where China's reliance on cheap labor could encourage labor-intensive industrialization. In addition, collaboration with China could be immensely helpful in technological training. Moreover, if the authorities engage the Chinese government and investors seriously, this cooperation could open up prospects for technology transfer to Pakistan; in that sense, China has earned a reputation as a copycat, and technological cooperation between the two countries could benefit Pakistan. I further see a definite advantage of the project in providing the country with the option of reducing reliance on the Japanese auto sector, as Chinese automobiles provide cheaper alternatives.

The piece's author further sought to analyze some very intriguing questions critically. I emphasized that the answers to the questions could only be provided through meticulous project planning, which could synergize resources and vision. It would involve conducting comprehensive research studies and surveys in the forms of (I) impact assessment studies, (II) surveys focused on assessing the skill development requirements, (III) conducting the CPEC's detailed cost-benefit analysis, and (IV) the preparation of reports providing sectoral analysis based on case studies on a specific sector. Cumulatively, these would enable the government to maximize the benefits and further remove the doubts due to the lack of disclosure.

While listing CPEC's obvious benefits, we highlighted the opportunities for labor-intensive industrialization that the project could open up. One should add certain caveats, as it remains doubtful how establishing a few centers of skill development in Karachi and Gwadar would be sufficient to cater to the skill-related requirements of the entire project. Seen from this vantage, much euphoria about skill development appears overhyped.

The above discussion shows that CPEC can potentially transform certain sectors of the economy. However, the country’s policymakers should not remain oblivious to the realities of dealing with China in a new liberal era. A critical assessment of Pakistan’s limitations could bring the sobering realization that we must recognize the country's situation and its antecedent challenges. Cumulatively, some distasteful realities make CPEC-related challenges very daunting. First, we need to comprehend that Pakistan is confronted with interacting with China in the neoliberal era, which witnesses the merger of the economy of a developing (largely underdeveloped) country with the economy of an industrial giant that has surpassed the US in Purchasing Power Parity (PPP). Considering the challenges, the ground reality is that the country’s chances of drawing benefits from China through CPEC could be seriously compromised. Therefore, realistically speaking, the country stands little chance of drawing windfall gains out of the project.

Moving toward the last section of the conclusion, it would be relevant to put in some recommendations. The article's author believes that the industrial policy towards the project should be a judicious mixture of the domestic market and comparative advantage. Under this guiding vision, policymakers should prioritize domestic content while delicately balancing with the comparative advantage. The state must strike a delicate balance between comparative advantage and comparative advantage-defying policy by suggesting that I am not developing a case for broad protectionism by recommending this solution. Rather, I am arguing for selective protectionism as the era of broad protectionism has elapsed or seems to be over. In the peculiar situation where the country is entangled, it would be unwise to go for broad protectionism. Likewise, it is equally unwise to follow comparative advantage blindly. Therefore, policymakers need to pursue a policy that calls for a proactive role for the state, which I refer to as a form of selective protectionism that could help the country achieve technological capabilities. Countries like South Korea, Taiwan, and the Chinese city of Hong Kong provide excellent examples of such policymaking, which delicately balances comparative advantage with policies aimed at defying comparative advantage. The perusal of the strategy has enabled the states to achieve phenomenal economic development.

In the end, there are no quick-fix solutions. The government needs to set its policy right. The kind of strategy the country could follow must delicately balance demand-led growth and export-led solutions.

Globalization has made the problems of developing countries like Pakistan very complex. Therefore, the problems created by CPEC will not be resolved simplistically. They require holistic solutions, and equally important could be the use of indigenous thinking.

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