

### **`China sees CPEC as a way of creating free market`**

KARACHI: `Eight years ago when I had entered the Oxford School of Global and Area Studies at the University of Oxford, the focus there was on India but today our focus is truly on South Asia where the study on India is not possible without knowing about Pakistan`- said Prof Dr Mathew McCartney at the Pakistan Institute of International Affairs on Saturday.

Dr McCartney, who teaches political economy and human development of South Asia at Oxford University, was speaking on the subject of `China-Pakistan Economic Corridor: Sustainable Economic Growth and Industrial Policy in Contemporary Pakistan` here.

The research scholar said that it was also why he decided to come to Pakistan to research CPEC while on a sabbatical.

`When I look back some 15 years, I have observed that the International Monetary Fund [IMF] was discussed more here in Pakistan when you talked about economic growth but now that focus too has moved to China,` he said.

`A resilient economy` `If you look at the economic story of Pakistan from the time of independence, you can see that Pakistan is not a miracle economy but it has moderate economic success, first through agriculture exports and then, after the 1980s, through the export of manufactured goods. This country has not had an economic recession since 1960. It is more of a resilient economy with a size of over \$300 billion,` he said.

He added that Pakistan was one of the first countries to recognise China in 1950 and later during the 1960s China helped Pakistan in the construction of the Karakoram Highway. `CPEC really does seem like the culmination of a much longer economic cooperation with China for Pakistan. So here is a long-term committed China-Pakistan relationship unlike what the USA is criticised of,` he said. `Still, there may be a lot more going on other than China`s `One Belt, One Road` initiative outside Pakistan that is happening inside it, which is crucial to know for a big project of \$60bn, that is CPEC. He added that despite a lot of concerns over CPEC`s motivation and liability, and Pakistan not known to complete most of its donor-funded agreements, the last four administrations in Pakistan have remained committed to it.

Still, he reminded that CPEC was only agreed in 2015 so we are still in its early stages and it is quite difficult to evaluate the success of big projects when different groups within it are after different things.

`The big infrastructure projects such as the energy projects, highways and railways are still in their development stages,` he said. `Big infrastructure projects can help economic growth with predictable as well as unpredictable outcomes.

Then he questioned whether the economies of western China and Pakistan were complementing each other or competing with each other? `The more complementary they are the more potential there is

for economic gains,he said. `But if they are competitive ... they don`t seem to promise economic gains,` he said.

`CPEC would make transport lines more effective, naturally with shorter routes also being created for greater efficiency so exporters in China will find it easier to send out their goods while using Pakistan as a transport link. China sees CPEC not really as a commitment to industry but a way of creating a free market where exports from China will see a surge while exports from Pakistan will be stagnated,` suggested Dr McCartney.

Still, he said, though he was pessimistic about CPEC, he felt optimistic about Pakistan.

`Because CPEC will have a positive effect on Pakistan, better than the IMF programmes could do. And although the financial impacts of CPEC are still not very clear, China`s commitment to creating trade routes is, which may also help Pakistan in the long term,` he concluded.

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