



RESEARCH PAPER

Development Path of Bilateral Economic Relations between Pakistan and China: Current International Situation

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ABSTRACT

China and Pakistan are strategic partners, and the two people share a deep historical sentiment. Currently, changes in the world, times, and history are unfolding in an unprecedented manner. Faced with a highly uncertain world situation, Pakistan and China maintain high-level cooperation in multilateral mechanisms, closely cooperate on major international and regional issues, and achieve mutual benefit and win-win results. It analyzes the prospects for deepening cooperation in bilateral trade between Pakistan and China, as well as the risk factors that are likely to occur in bilateral trade between Pakistan and China. For this research study both the primary and secondary sources are utilized and qualitative research techniques are applied to trace out the results. It is necessary for both the partner to never undermine the threats of the international powers and changing politics of the world.

KEYWORDS China, Development Path, Economic Relations, Pakistan, Risk Factor

Introduction

With the acceleration of economic globalization, the original pattern of economic and financial interests has undergone profound changes, especially in recent years, the international financial crisis, the European debt crisis, the crisis in the Middle East, the global outbreak of COVID-19, and other major events have occurred one after another. More and more developed countries in the world have encountered difficulties in reaching social consensus, making political decisions, improving capability of inefficient traditional institutions, and guaranteeing public expectations, The national governance system, governance methods, and governance capabilities are all facing unprecedented challenges. China has become the world's second largest economic country, second largest consumer country, first largest trading and exporting country in goods, third largest investor, and largest holder of foreign exchange reserves. Pakistan has become an important emerging economy in various fields such as the economy and military. The global economic recovery has also provided new development opportunities for development cooperation between Pakistan and China.

Literature Review

Despite their ideological differences, which are clear from their very titles, the Islamic Republic of Pakistan and the People's Republic of China have cherished long-lasting and amicable ties. This article highlights the development of Pakistan's infrastructure with Chinese investment and their economic cooperation. The concept for the Pakistan China Economic Corridor (CPEC), for which the two nations have signed contracts, was successfully launched in order to construct an economic corridor between the two nations. Political instability and insecurity are among the issues facing the political, security, and economic sectors. However, when considering the CPEC, China should not limit it to bilateral relations but rather consider it from a regional and all-encompassing perspective (Irshad, 2015). The outstanding character and features of the bilateral ties between Pakistan and

China are well-known and frequently discussed inside the two nations as well as internationally. The link has endured the highs and lows of life for more than 70 years and has only gotten stronger. This is a truth that hardly needs to be mentioned. Without a doubt, the alliance serves as a template for partnerships between any two states in the modern world (Weidong, 2017).

The Current International Political and Economic Situation

Emergence of Global Governance

The global economic and financial governance system is gradually transforming into "global governance." Since 2020, the global COVID-19 epidemic has occurred, hindering the development of the world economy. In 2022, the world has gradually entered the post pandemic era, with countries adjusting their monetary policies to varying degrees, restructuring their industrial chains, accelerating digital and green transformation, and continuously promoting economic recovery, deepening international cooperation, and promoting changes in the international governance system. As of now, the global economy has shown a significant recovery, and the world's major economies have temporarily emerged from the risk of economic recession. However, due to negative factors such as global economic slowdown, trade protectionism, supply shortages, and geopolitical conflicts, the growth rate of global trade may gradually slow down. In contrast, the manufacturing and consumption recovery have maintained a good recovery momentum, led by major trading countries such as China (Thomas, 2012).

The recovery trend of international trade is relatively good. As of January 12, 2021, Yichang Customs in China issued 6349 certificates of origin for export enterprises under its jurisdiction in 2020, involving a value of 330 million yuan, and reduced import tariffs by \$21.1 million for enterprises. The amount of tariff reduction reached a historic high, helping to export goods worth \$330 million. Among the countries or regions with the highest tariff reductions, Pakistan received a tariff reduction of 2.09 million US dollars (Leke and Lihua, 2021). The manufacturing and consumption recovery of major global economies in 2021 was better than in 2020, and they are gradually emerging from the impact of the epidemic (Jianxin, 2023). However, due to the increase in commodity prices, wage increases, and the increasing cost pressures brought about by epidemic prevention policies, some manufacturing enterprises in the middle and lower reaches may experience significant financial pressure in the future due to reduced profits. However, industries such as international air shipping, international travel, and entertainment consumption are still greatly affected by the fluctuations of the epidemic, and have not yet fully emerged from the shadow of the epidemic. In the future, the repair process of these industries may be delayed. Countries have shifted from regulating economic relations in areas such as international trade, finance, and investment to coordinating macroeconomic policies, and from consensus-based negotiation mechanisms to binding regulatory mechanisms (Fan & Rui, 2023).

This transformation has formed a new mechanism and paradigm jointly created by a group of developed and emerging economies after the international financial crisis, such as the framework goal of promoting "strong, sustainable, and balanced growth" of the world economy, ensuring the rapid recovery and stable development of various countries' economies. In 2022, China's gross domestic product reached 121 trillion yuan, which is a new level after continuously breaking through 100 trillion yuan and 110 trillion yuan in 2020 and 2021. At the annual average exchange rate, China's total economic output reached 18 trillion US dollars, firmly ranking second in the world. The per capita gross domestic product is 85698 yuan, which is converted to \$12741 at the annual average exchange rate and continues to remain above \$12000 (*The 2022 National Economic and Social Development Statistical Bulletin released China's GDP exceeding 121 trillion yuan*, 2023). According to public information from the National Bureau of Statistics of Pakistan, the

nominal GDP of Pakistan in the fiscal year 2022 reached 66949.907 billion rupees, a substantial increase of 6.2% compared to the same period last year, excluding price factors. The total population is around 227 million, with a per capita GDP of 294934 rupees. At average exchange rates, Pakistan's GDP for the fiscal year 2022 is \$382.833 billion, with an average per capita of around \$1686

In 2022, Pakistan's exports to China amounted to 3413278 thousand US dollars, and many of Pakistan's products were deeply loved by the Chinese people, providing a foundation and guarantee for economic exchange and prosperity between the two countries (Xi & Guoxin, 2021).

Table 1
Value of Import and Export Commodities by Country (Region) between China and Pakistan in 2022 (USD Value) Unit: Thousand US dollars

imports and exports		Exports		imports		Accumulated compared to the same period last year±%		
January	January to January	January	January to January	January	January to January	imports and exports	exports	imports
1,719,279	1,719,279	1,475,401	1,475,401	243,877	243,877	36.5	40.9	14.9
December	From January to December	December	From January to December	December	From January to December	imports and exports	exports	imports
1,679,604	17,594,927	1,480,621	15,325,908	198,982	2,269,019	-2	-2	-2

Source: General Administration of Customs of the People's Republic of China, accessed on September 15, 2022

Emerging Countries and Global Governance: Case of China and Pakistan

Since the 21st century, emerging economies have increasingly become a crucial economic group in the world economy due to their strong economic growth and the focus of global economic governance is shifting towards emerging economies with the shift of market focus. Pakistan and China, being emerging economies, face both pressure and severe challenges in the global economic governance mechanism, as well as an important strategic opportunity.

In the field of global economic governance, the distance between the status and capabilities of emerging and developed economies is constantly narrowing. Emerging economies are rapidly integrating into the world economic system, playing a role in promoting stability and reform. In the field of global social governance, there is a shift towards internal governance for both developed and developing countries. Emerging powers are not only important participants in the process of globalization, but also the main direction of power-transfer in the international system. Against the backdrop of a sluggish economy in developed countries and difficulties in providing public goods for global governance, emerging powers are taking on more and more responsibilities and playing an increasing role, becoming a trend in the development of global governance. IMF data shows that in 2013, the gross domestic product (GDP) of emerging market economies at purchasing power parity (PPP) exceeded that of developed economies, accounting for 50.4% share. The economic growth rate of emerging markets and developing economies in 2014 was 4.9%, while developed economies account for 2.2%, with a difference of 2.7 percentage points. This indicates that the momentum of emerging economies catching up is continuing to maintain. Pakistan and China, as emerging economies in the world, will have an increasing impact on the future world economic landscape

Table 2

Value of Import and Export Commodities between China and Pakistan from 2020 to 2022 (RMB) Unit: RMB 10000

	Imports and Exports		Exports		Imports		Accumulated compared to the same period last year±%		
	December	From January to December	December	From January to December	December	From January to December	imports and exports	exports	imports
2020	2,092,106	17,489,816	1,779,771	15,366,789	312,334	2,123,027	-2.7	-4.9	17.5
2021	3,053,472	27,822,327	2,688,113	24,233,322	365,359	3,589,005	59.1	57.8	68.9
	imports and exports		exports		imports		累计比去年同期±%		
2022	1,679,604	17,594,927	1,480,621	15,325,908	198,982	2,269,019	-2	-2	-2

Source: Checked by the General Administration of Customs of the People's Republic of China on January 3, 2023

From the table above, it can be seen that the import and export quotas of China and Pakistan have continued to grow over the past three years, but the growth rate has been in a state of contraction. The development of economic globalization has an increasing demand for international trade and financial investment. Major countries have taken the initiative to assume international responsibility in international relations, increasing supply to alleviate the shortage of international public goods supply. This has become an important way to promote international cooperation and promote global governance. As emerging market and developing countries, China and Pakistan should also be able to play a greater role and reflect greater influence in the global economic governance mechanism.

China's Role in Pakistan's Economic and Social Development

Pakistan has long been plagued by various problems such as terrorism, political turmoil, and unreasonable industrial structure, which all has resulted in slow economic development. China has effectively promoted the sustainable, stable and healthy development of its economy and ensured the smooth progress of the construction of the "the Belt and Road" by continuously signing the China Pakistan currency swap agreement, promoting the Asian Investment Bank's rescue loans to Pakistan, encouraging Chinese banks to invest in infrastructural construction in Pakistan and in other ways.

For a long time, Pakistan's deficit has continued to rise, and its debt scale has continued to expand. The annual expenditure on repaying public debt accounts for a relatively large proportion of the government's fiscal revenue, seriously constraining economic and social development. As an agricultural country, its second and third industries are the textile industry centered around agriculture and the service industry centered around wholesale and retail of agricultural and sideline products. The government's finances are highly dependent on agricultural development, with a single industrial structure and weak resistance to fluctuations. Under the comprehensive influence of the international financial crisis, trade protectionism, the COVID-19 and other factors, the international supply and demand of agricultural and sideline products fluctuated. Pakistan's economy was hit hard and suffered from serious liquidity risks. China has helped Pakistan alleviate its debt problem, reduce financing costs, reduce public debt scale, and alleviate domestic supply-demand conflicts in the short term by signing the China Pakistan Currency Swap Agreement and promoting targeted low interest loans from the Asian Investment Bank, in order to maintain stable economic and social operation. As an important neighbor of China, Pakistan's stable economic and social operation is also of great significance for

China to stabilize the surrounding situation and ensure the steady development of the western region (Wang, 2020).

Pakistan's transportation infrastructure is relatively backward, and the bottleneck constraints on local economic development are very obvious. The Pakistani government encourages foreign and private enterprises to invest in local infrastructure construction. The Asian Development Bank supports the reform of the Pakistani government and supports government investment in key areas such as water infrastructure, transportation, energy security, urban development, capital markets, and public resource management (He, 2019). According to the principle of regular adjustment and rolling development agreed upon by the governments of China and Pakistan, it is necessary to actively develop Pakistan's energy, infrastructure, petrochemical, mineral resource projects, agriculture, education, environmental protection, and tourism projects that both sides are highly concerned about. Currently, the key development bottleneck projects that constrain Pakistan's economic development are mainly infrastructure projects such as thermal power, hydropower, bridges, and highways. Electricity shortage has become one of the most important constraints on the development of the Pakistani economy.

Pakistan's economy is growing rapidly, with an annual increase of 7.4% in electricity demand. To change this situation, the Pakistani government has taken a series of response measures, increased investment in the electricity industry, and encouraged and attracted foreign and private investment in the electricity industry. Chinese financial institutions have rich experience in the field of power development. In order to solve the shortage of power supply and maintain stable and rapid economic development, the Pakistani government has formulated mid-term (2005-2010) and long-term (2030) development plans for the power sector. Pakistan and China need to increase their efforts in financial support and technical cooperation, with a focus on developing large-scale hydropower and coal-fired power projects; Actively developing and utilizing renewable resources such as wind and solar energy; Expand nuclear power cooperation with relevant countries, etc. The total installed capacity of power equipment in Pakistan in 2010 was approximately 20 million kilowatts, including 6.6 million kilowatts of hydropower, accounting for 34% of the total installed capacity, 64% of thermal power, and 2% of nuclear power.

By fundamentally improving the quality of Pakistan's citizens, solving local employment problems, and increasing the proportion of the second and third industries, China can effectively utilize the global industrial chain division of labor in the context of economic globalization, efficiently utilize Pakistan's huge population dividend, undertake the transfer of basic manufacturing industries, and emulate countries such as Bangladesh, the Philippines, and Vietnam, Taking processing trade as a breakthrough, and combining with the regional advantages of the "the Belt and Road", it forms industrial complementation with China's high-end manufacturing industry to promote economic take-off. One is to deepen financial cooperation and achieve win-win cooperation. The cooperation in the financial sector between China and Pakistan is a solid backing for cooperation in infrastructure and production capacity. On the key project of the "China Pakistan Economic Corridor" led by the two governments, China has established national preferential loans to safeguard the construction of key facilities. While limiting the mobilization of local banking assets, utilizing Chinese state-owned capital, we encourage strong Chinese central enterprises to participate in project construction, share project profits, and replenish Pakistani funds.

The second is in the field of capital cooperation, the banking cooperation between the two countries. From a single international settlement agency cooperation to a new stage of mutual establishment of institutions, joint project financing, capital market cooperation, and joint development of third-party markets along the "the Belt and Road", cooperation has also been carried out in the fields of financial technology, mobile payment and inclusive

finance. Chinese financial institutions' early deployment in the Pakistani market will effectively seize the golden opportunity period of promoting Pakistan's economic takeoff through the construction of the "China Pakistan Economic Corridor", and achieve win-win cooperation. Since the development of China and Pakistan, they have established strong political, national defense, and strategic relations (Lijun, 2022).

Opportunities for Deepening Economic Cooperation

Faced with new problems such as sound public health and medical security, insufficient infrastructure construction, lagging digital applications, and unexpected green transformation, the industries and sectors involved in these fields will have greater development potential. In fact, many countries are also accelerating to fill the gaps.

Digital Transformation

Digital transformation brings new opportunities for the economic ties and trade between Pakistan and China. New formats and models such as the global digital economy, digital trade, and cross-border e-commerce are widely emerging, and digital capabilities have become a competitive advantage for some economies to cope with economic recession. The large-scale application of digitalization has led to revolutionary changes in traditional manufacturing, consumption, and the internet. China has laid out the development of the digital economy earlier and proposed medium to long-term plans and large-scale funding around the digital economy, industrial internet, new energy, etc. In the future, emerging industries related to the digital economy will have greater growth opportunities driven by policies and lead the transformation of economic growth patterns (Deguang, 2022).

The restructuring of the global industrial chain promotes the adjustment of the global investment and financing layout of multinational enterprises. The accelerating trend of global industrial chain restructuring will have a huge impact on the investment and financing layout of global multinational enterprises in the future. Multinational enterprises will rebuild their own industrial chain investment, expand investment in areas that are both in line with local policies and can enhance the core competitiveness of the industrial chain. They will rely on changes in global industrial division of labor and adjustments in national industrial policies to achieve cost reduction and efficiency increase, and form competitive advantages in ESG and green investment.

Pakistan and China have broad space for deepening cooperation in the field of people's livelihoods. On September 21, 2022, the General Administration of Customs of the People's Republic of China issued Announcement No. 89 of 2022 on the Quarantine and Hygienic Requirements for Imported Buffalo Embryos from Pakistan, which stipulates that in accordance with relevant laws and regulations of China and the Protocol between the General Administration of Customs of the People's Republic of China and the Ministry of Food Security and Research of the Islamic Republic of Pakistan on the Quarantine and Hygienic Conditions of Imported Buffalo Embryos from the Islamic Republic of Pakistan, From the date of this announcement, Allow the import of Pakistani buffalo embryos that comply with the requirements of the Biosafety Law of the People's Republic of China, the Entry and Exit Animal and Plant Quarantine Law of the People's Republic of China, and its implementation regulations, as well as the Protocol between the General Administration of Customs of the People's Republic of China and the Ministry of Food Security and Research of the Islamic Republic of Pakistan on the Quarantine and Hygienic Conditions for the Import of Buffalo Embryos from the Islamic Republic of Pakistan by the People's Republic of China, The buffalo embryo mentioned in the announcement refers to the embryo produced through in vitro fertilization by collecting oocytes from the living ovaries of water buffalo in production units registered between China and Pakistan in Pakistan (Announcement of the General Administration of Customs of the People's Republic of China on the Quarantine and Hygienic Requirements for Imported Pakistani Buffalo Embryos).

On October 24, 2022, the General Administration of Customs of China issued Announcement No. 97 of 2022 (Announcement on the Inspection and Quarantine Requirements for Imported Pakistani Tiger Tail Grass), stating that in accordance with China's "Biosafety Law of the People's Republic of China", "Entry Exit Animal and Plant Quarantine Law of the People's Republic of China" and its implementation regulations, According to the relevant laws and regulations of the "Measures for the Supervision and Administration of Inspection and Quarantine of Import and Export Feed and Feed Additives" and the "Protocol between the General Administration of Customs of the People's Republic of China and the Ministry of Food Security and Research of the Islamic Republic of Pakistan on the Hygienic and Phytosanitary Requirements for the Import of Pakistani Tiger Tail Grass to China", it is allowed to import Pakistani Tiger Tail Grass that meets the relevant requirements from now on. (Central People's Government of the People's Republic of China, 2010). The term 'Chloris gayana Kunth' in the announcement refers to a bundle of tiger tailed grass grown in Pakistan and compressed under high pressure. On November 15, 2022, the General Administration of Customs of the People's Republic of China issued Announcement No. (Beamish,1993). 111 of 2022 on the Quarantine Requirements for Imported Fresh Cherry Plants from Pakistan, Allow the import of Pakistani fresh cherries Prunus avium L that comply with relevant Chinese laws and regulations, as well as the requirements of the General Administration of Customs of the People's Republic of China and the Ministry of Food Safety and Research of the Islamic Republic of Pakistan regarding plant quarantine requirements for importing Pakistani fresh cherries into China (Announcement of the General Administration of Customs of the People's Republic of China on the Quarantine and Hygienic Requirements for Imported Pakistani Buffalo Embryos).

Table 3
Structure of Major Import and Export Commodities between China and Pakistan since 2000 Unit: 100 million US dollars%

Main export commodities	2000		2001		2002		2003		2004		2005	
	amount of money	proportion	amount of money	proportion	amount of money	proportion	amount of money	proportion	amount of money	Proportion	amount of money	Proportion
Mechanical and electrical audio and	1.9	28.4	2.5	30.5	3.6	29.0	4.9	26.5	8.1	32.8	11.8	34.4
chemical products	1.4	20.9	1.8	21.9	2.1	16.9	2.2	11.9	3.4	13.8	3.7	10.8
Textile raw materials and	0.3	4.5	0.3	3.7	0.9	3.7	2.2	11.9	3.2	13.0	5.6	16.3
conveyer	0.7	10.4	0.3	3.7	0.6	4.8	1.5	8.2	1.8	3.7	1.8	5.2
base metal	0.6	9.0	0.5	6.1	0.7	5.6	1.5	8.2	1.5	6.1	1.9	5.5
amount of exports	4.9	73.2	5.4	65.9	7.9	63.6	12.3	66.7	18.0	73.0	24.8	72.3
Main imported goods												
Textile raw materials and	4.1	83.7	4.8	82.8	4.8	85.7	4.7	82.5	4.6	78.0	5.9	71.1
minerals	0.1	2.0	0.1	1.7	0.1	1.8	0.2	3.5	0.3	5.1	0.3	3.6
Chemical raw materials and	0.3	6.1	0.5	8.6	0.3	5.4	0.4	7.0	0.1	1.7	0.5	6.0
Leather and products	0.2	4.1	0.2	3.4	0.2	3.6	0.3	5.3	0.4	6.8	0.5	6.0
Animal and animal products	0.1	2.0	0.1	1.7	0.1	1.8	0.1	1.8	0.1	1.7	0.1	1.2
amount of imports	4.8	97.9	5.7	98.2	5.5	98.3	5.7	100	5.5	93.3	7.3	88.0

Source: General Administration of Customs of PRC, China [http: / / www.customs.gov.cn/customs](http://www.customs.gov.cn/customs)

Bilateral economic development: Strategies and Recommendations

Pakistan and China can only support each other, deepen cooperation, strengthen exchanges, and achieve win-win results. In the economic exchanges between Pakistan and China, finance has distinct characteristics of the times and an important strategic position, which fully reflects the economic and financial resources and possibilities of the strong country thinking and bottom-line thinking. On the one hand, in the process of financial investment, commercial banks and investment banks are used as the "main force" for financial implementation, guiding industrial development; On the other hand, as a professional industry that operates risks, finance should fully leverage its role in risk identification, early warning, evaluation, and management to avoid regional systemic crises due to various reasons, and reflect bottom line thinking by holding onto the financial bottom line.

Although Pakistan's political situation has always been in an unstable state, history has proven that due to the profound political, economic, and geopolitical factors involved in the relationship between the two countries, Pakistan's friendly relationship with China has never changed. In recent years, the two countries have supported each other and forged ahead in the chaotic world situation, demonstrating the "iron rod" friendship between China and Pakistan. China has always viewed China Pakistan relations from a strategic and long-term perspective, placing Pakistan as a priority in neighboring diplomacy. It is willing to enhance the level of comprehensive strategic cooperation with Pakistan, accelerate the construction of a closer China Pakistan community with a shared future in the new era, and inject new impetus into the all-weather strategic cooperation partnership between China and Pakistan. Deepening the all-weather strategic partnership between Pakistan and China is the cornerstone of Pakistan and China's foreign policy and the consensus of all sectors of society. Pakistan hopes to deepen cooperation with China in various fields so as to better realize its own development. The construction of the China Pakistan Economic Corridor has had a profound impact on Pakistan's economic and social development. Pakistan is willing to work with China to continue to promote the high-quality joint construction of the "the Belt and Road". It hopes that China will vigorously support the upgrading of the No. 1 railway trunk line and the construction of important infrastructure projects such as the Karachi Ring Railway. Pakistan will further strengthen security measures and fully protect the safety of Chinese institutions and personnel in Pakistan. (Asif, et al, 2019).

Therefore, Pakistan's credit willingness is relatively high, and the foundation for bilateral economic cooperation is good. China Pakistan Company complements each other's advantages and closely cooperates, deepening comprehensive cooperation with government departments, financial institutions, and China Pakistan enterprises. To effectively prevent risks, in the development of specific businesses, we should not only pay attention to personal safety, but also do a good job in designing credit structures to prevent financial asset risks.

Both Pakistan and China have their own unique national conditions, and it is necessary to conduct discussions on specific issues such as China's and Pakistan's economic policies, fiscal revenue and expenditure, and environmental protection, in order to form a mutually recognized feasibility report, and then form a national plan based on a series of research reports. Geopolitical risks are widespread in Pakistan and China. It is recommended that both governments establish a mutual trust guarantee mechanism at the government level, sign various bilateral and multilateral agreements, and regulate government credit and commercial behavior through agreements to prevent risks caused by government changes. The assistance provided by the World Bank and the Asian Development Bank in Pakistan is usually carried out through cooperation with the Pakistani

government. The main areas of their technical and financial assistance include health, education, public management, environmental protection, agriculture, and basic infrastructure. The Pakistani government needs to designate a dedicated person to be responsible for selecting and hiring consultants, daily work, and other matters throughout the entire process of managing and implementing projects. The operational policies formulated by the government must also ensure that the project meets the World Bank's own standards on social and environmental aspects, and accurate evaluations of the project must be conducted to gain experience and lessons learned later. The "24/7" strategic partnership between China and Pakistan is unique internationally and should be fully utilized. We need to comprehensively utilize various financial instruments and combine them with the actual situation to meet the diversified financial needs of China and Pakistan, vigorously promote the development of trade financing, mainly including factoring, letter of credit discount business, and related forward exchange settlement business. We must adhere to market-oriented operation and actively explore the operational model of development finance. Supporting Pakistan's economic development relies on market-oriented operation guided by policies. Like Pakistan, China is also a developing country with limited financial resources. Therefore, supporting Pakistan's economic development cannot rely solely on finance and government incentives. Even if preferential loans from international financial institutions are used, there are considerable conditions and restrictions. Currently, Pakistan and China need to seize opportunities and firmly promote friendly cooperation and development between the two sides (Attanasio, et al, 2016).

There is need to establish a long-term expected scientific plan, with a broader international perspective, combined with domestic regional economic, social and other resources, to achieve national interaction in multiple aspects. Implement the strategy of leading high-end talents and strengthen the cultivation and output of financial "soft power". In terms of financial innovation, we should accelerate the opening up of the financial market, vigorously support financial institutions, especially leverage the advantages and protection functions of insurance, and strengthen the construction and improvement of financial cooperation mechanisms. It is recommended to use big data technology to build a unified information research and intelligence analysis system and social risk management system, and organize professional talents to provide information sharing and decision-making consulting services to both companies. On the basis of sufficient communication with financial institutions and various enterprises, regulatory authorities should promptly introduce and improve relevant laws and regulations. In terms of national macro top-level financial design, the leading advantage and leading role of finance as a national soft power should be fully utilized. The financial industry can take this as an opportunity to optimize its own layout. We need to increase efforts to establish key node institutions, especially implementing preferential policies towards inland areas. Explore how to use financial power to solve the problem of huge funds required for construction. Financial support requires leveraging the role of finance, establishing practical and feasible investment and financing mechanisms, leveraging foreign exchange reserve funds, industrial funds, and foreign aid funds to establish a financial support plan that shares interests, risks, and balances responsibilities, obligations, and strength. Closely focusing on national strategy, leveraging the advantages of development finance, actively constructing and promoting a group of projects with good economic benefits and controllable risks. Large financial institutions can leverage their advantages in terms of capital volume and layout to provide medium to long-term financing services for major projects, key regions, and key enterprises. Small and medium-sized financial institutions can leverage their expertise in segmentation and actively explore emerging business highlights emerging from construction.

Increased efforts in financial model innovation, financial channel innovation, and financial product innovation are need of the time. The government is unable to dominate the world, and must innovate financing mechanisms to encourage diversified investment in society. We need to further stimulate the enthusiasm of private capital to participate and

encourage private capital to participate in project construction. Combining the reform of mixed ownership, develop investment funds led by private capital. We need to accelerate the construction of supporting systems for investment and financing models. Moderately provide certain tax exemptions and financial subsidies. We need to absorb domestic and foreign funds to support strategic development projects. Fully rely on government credit, issue strategic special bonds, and guide foreign exchange reserves, social security, insurance, sovereign wealth funds, etc. to participate in investment. Strengthen regional regulation, expand the scope of information sharing through communication and interaction, enhance policy coordination and regulatory consistency on major issues, and gradually establish efficient regulatory coordination mechanisms within the region. Pakistan and China will achieve a balanced position and weight in politics, economy, and finance (Li, 2006).

The Chinese government has also made it clear that the Asian Infrastructure Investment Bank and the newly established the Silk Road Fund are willing to provide financial support to the infrastructure construction of developing countries in the region, including ASEAN countries, in order to promote regional connectivity and economic integration. The "the Belt and Road" conforms to the trend of international and regional economic cooperation and development. It also reflects China's role and status as a responsible major country by exporting public goods for global intelligence. China is willing to work with Pakistan to promote the implementation of the Global Development Initiative and Global Security Initiative, promote the development of the global economic governance system towards a more just, reasonable, inclusive and win-win direction, and build a community with a shared future for mankind. Realize effective analysis, monitoring, and early warning of various financial risks within the region, timely identify potential risks, and ensure the safe and stable operation of regional finance. Establish a communication and cooperation mechanism to address cross-border risks and crisis resolution. Improve the institutional arrangements for joint response to risks and crisis resolution, coordinate the actions of all parties, and jointly maintain regional financial stability. Financial institutions should actively explore business opportunities while keeping up with the times and improving their risk management level; Enriching the content of comprehensive risk management; Consolidate risk control checkpoints throughout the entire process; Enhance the professional quality of risk management and respond to international challenges with international standards and requirements.

Conclusion

The new situation of economic globalization has provided rare historical opportunities for developing countries such as China and Pakistan that face various economic and political challenges. Both as developing countries, China and Pakistan are on the rise. The friendship between Pakistan and China is unbreakable. Against the backdrop of the "the Belt and Road Initiative", the investment under CPEC is playing a positive role, helping both sides to achieve stable economic growth and laying a better foundation for cooperation between Pakistan and China in the future. The cooperation between the two countries has bright prospects in the broad field of economic cooperation. The friendly cooperation between China and Pakistan will help the two peoples move towards glory and progress together. The two countries will firmly stand together, political mutual trust, deepen cooperation, provide strong guarantees for the development of both countries, and make more contributions to world peace, stability, and common prosperity.

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