



**HIGH-QUALITY DEVELOPMENT OF THE CHINA-PAKISTAN ECONOMIC
CORRIDOR AND RECONSTRUCTION OF THE GLOBAL GOVERNANCE
SYSTEM**

Dr. Chen Ruihua *

Abstract:

In response to the unprecedented changes in a century, the BRI co-construction project with the CPEC as the flagship has become an important carrier for economic growth and reconstruction of the global industrial and supply chains, which is leading the global economic governance system reconstruction of the global economic governance. Anatomy of internal relationship between high-quality development of the CPEC and the global economic governance, analysis of the important value of the corridor to the stable development of regional economic society and its internal driving force for stable and long-term development, and clarification of the internal mechanism of corridor investment operation and the global industrial chain and supply chain reconstruction will help to further promote the co-construction of the BRI and provide useful reference for building an open, linked and more inclusive world economy and jointly building a shared future for mankind with mutual political trust, economic unity and cultural toleration.

Keywords: high-quality development of CPEC, global governance system, debt trap, industrial and supply chains, reconstruction

Introduction

At present, the world is undergoing unprecedented changes in a century, and the global economic order and pattern are undergoing profound adjustments. The global trade, finance and development cooperation order established with European and American values and interests tended to collapse. Emerging market countries and developing countries became the

* Director Research Center of China-Pakistan Economic Corridor, Kashi University, Kashi, China, School of Economics, Nankai University, Tianjin, China Correspondence: chenruihua@nankai.edu.cn,
TEL: 86 13612030585



major driver of global economic growth and staunch defenders of the world economic order. Against the backdrop of the global COVID-19, weak economic growth, frequent financial crises and sluggish trade and investment, developed countries not only failed to pick up the slack, but irresponsibly pursued a de-globalization strategy, leading to trade protectionism, the transfer of a financial crisis "chain" and the intensification of regional conflicts. The world is entering a period of intense turbulence characterized by unilateralism, protectionism and hegemonism. Meanwhile, the new technical revolution and industrial transformation has brought great momentum and opportunities for the liberation of productive forces, and also poses huge challenges to the traditional economic development system, production distribution pattern and social governance model. Emerging market countries and developing countries represented by China seize the opportunity of the new industrial and technological revolution, and actively participate in the global industrial and supply chains reconstruction, and become important contributors to global economic growth. The BRI co-construction project with the CPEC as the flagship has become an important carrier for economic growth and the global industrial and supply chains reconstruction, which is leading the global economic governance system reconstruction. It is important for the further promotion of the BRI to glimpse the internal logic of high-quality development of the CPEC.

1. Reconstruction of the global governance system and China's mission

In September 2015, *transforming our World: the 2030 Agenda for Sustainable Development* in which countries jointly committed to achieve 17 sustainable development goals in the next 15 years, was adopted by the UN. Guided by this agenda, the international community focuses on sustainable development of society, economy and environment, taking into account peace, justice and efficiency, fully mobilizing the role of financial resources, development and transfer of technology, capacity-building and partnerships, actively responding to climate change and social needs such as eradicating poverty and , promoting economic growth, creating employment, and meeting the education, health and social protection, which all reflects the determination and action of the international community to face common challenges (United Nations, 2015).

China is a firm supporter and practitioner of *the 2030 Agenda for Sustainable Development*. In 2013, cooperation initiatives to build the new Silk Road Economic Belt and the 21st Century

Maritime Silk Road were put forward by President Xi Jinping. In 2015, the Vision and Actions to further co-construct of the Silk Road Economic Belt and the 21st Century Maritime Silk Road (《推动共建丝绸之路经济带和21世纪海上丝绸之路的愿景与行动》全文 *Full Text: Vision and Actions on Jointly Building Belt and Road - China.org.cn*, 2015) provided action guidelines and solutions to effectively carry out *the 2030 Agenda for Sustainable Development*. Standing for peace and development, the BRI reinterprets the historic significance of the Silk Road, and gradually forms a large-scale regional cooperation landscape based on policy communication, infrastructure connectivity, accessible trade, financial unification and interpersonal communication, by means of the existing bilateral and multilateral mechanisms between China and relevant countries and the global regional cooperation platform.

China is also a witness, participant and defender of the system of global governance and economic globalization. Looking back at China's economic development path, the rise of an economic giant can be clearly charted. During the early period of new China, China's economy started from ruins. In 1952, China's GDP was 67.9 billion RMB, and the per capita GDP was only 119 RMB; In 1982, GDP outstripped 500 billion RMB, reaching 537.3 billion RMB; In 2000, the GDP increased to 8818.96 billion RMB; In 2021, the GDP will reach 114 trillion RMB, and the per capita GDP reached 80976 RMB, exceeding the world's per capita GDP level. Over the past 70 years, China's GDP and per capita GDP have increased by 1685 times and 680 times respectively. China's synthetic national power has achieved a historic leap and a miracle in the human development history has been created. The achievement largely depends on the Chinese people making full use of the relatively stable global governance system after World War II and the opportunities brought about by economic globalization, integrating the principles of scientific socialism with the national conditions of contemporary China and characteristics of the times, forging a socialist road with Chinese characteristics on the basis of reform and opening up and socialist modernization, and achieving comprehensive, healthy and sustainable economic development Guo, C. X. (2018). Practice has proved that the economic governance system selected by China makes the market crucial in resource allocation and the government to play a better role, which not only conforms to China's national conditions, but also contributes Chinese wisdom to global economic governance.

Under the unprecedented changes in a century, the stable global governance system has been

challenged, and the process of economic globalization appears countercurrent. The BRI is an important attempt by China to cope with the unprecedented changes in a century and promote the reconstruction of the global governance system. It is also must-choice for China to safeguard economic globalization. The BRI is based on the international and domestic situation, takes an eye on the world and the future, and is committed to achieving connectivity between continents of Asia, Europe and Africa and oceans of Indian, Pacific, and Arctic. It places China's development within the development framework of Asia, Europe and Africa, and fully combines China's development experience with the comparative advantages of countries along the Belt and Road through a consultative process and joint efforts (Zhu & Sun, 2022).

Up to December 2022, China has signed over 200 cooperation documents with 150 countries and 32 international organizations on the jointly development of the Belt and Road (huaxia, 2022). The outcome documents of the United Nations, the Asia Pacific Economic Cooperation Organization and other important international regimes all contain the BRI and principles. It is estimated that the connection of the Belt and Road facilities will reduce the international or regional freight transport time along the route by 1.7% - 3.2%, and the global average shipping time by 1.2% - 2.5%; The proportion of China's trade in goods with countries along the line has increased from 25% in 2013 to 31% in 2021; The proportion of China's investment in countries along the Belt and Road in China's foreign non-financial investment has increased from 12.5% in 2013 to 17% in 2021. 84 economic and trade cooperation zones have been established, and the tax payment to the host country is about \$3 billion. This has directly created more than 300 thousand local jobs, helped more than 34 million people get rid of moderate poverty, and increased the real income of countries along the Belt and Road by 1.2% - 3.5%, and the global real income by 0.8% - 3% (Francois et al., 2018).

The CPEC is one of the great practices of the BRI. The construction of CPEC has completed such projects as Gwadar Port, Lahore Rail Transit Orange Line Project, Karakoram Highway Upgrade Phase II, and China-Pakistan Cross-Border Optical Cable Project. It has brought 25.4 billion U.S. dollars of investment to Pakistan, and has completed 32 projects, helping to add 5,200 megawatts of electricity, 886 kilometers of national core transmission network, 510 kilometers of highways, which provided more than 60,000 jobs, greatly improved Pakistan's energy, transportation and other infrastructure. It has accelerated its industrialization process,

promoted the development of commerce and trade, and promoted economic development. At present, the construction of the CPEC has achieved an important early harvest goal, and China and Pakistan are promoting the high-quality development of the CPEC. The high-quality development stage includes 27 projects in agriculture, industry, water resources, education and industrial parks, etc., which were launched at the end of 2019. CPEC will continue to release the huge potential of the corridor, accelerate the transmission of corridor dividends to the grassroots and non-governmental organizations, and make the CPEC a landmark project that benefits the people of the two countries, South Asia, West Asia and other regions (*Ambassador Nong Rong Accepted an Exclusive Interview with Pakistani Media on the Successful Holding of the 10th China-Pakistan Economic Corridor Joint Committee Meeting*, 2021).

Under the unprecedented changes in a century, the problems accompanying the high-quality development of the CPEC are unavoidable. These problems may include: What impact will the Indo-Pacific strategy have on the CPEC? How do you view the political turmoil in Pakistan and the prospects of the CPEC? What is the prospect of China's investment and China-Pakistan financial cooperation and will it bring a "debt trap" to Pakistan? What is the strategic significance of the high-quality development of the CPEC for China to build a new development pattern?

2. The CPEC is a key to solving the political and economic dilemma in the world and South Asia

At present, the United States is vigorously promoting the Indo-Pacific strategy to hedge against the BRI. The Indo-Pacific strategy issue is essentially a global governance system issue. China's BRI and the Indo-Pacific strategy of the United States are in a battle of global governance systems. In 2015, China made a transition from "bring in" to "go out" in its strategy of foreign economy and trade, based on the new changes in domestic economic development and international political and economic environment. In 2017, the Trump administration officially defined China as a "strategic competitor". It completely ended the positioning of Sino-US "stakeholders" relations established by the Bush administration in 2005, and turned the Obama administration's strategic assumption of Sino-US confrontation into action. In 2019, the State Department released a programmatic report on the Indo-Pacific strategy entitled *A Free and Open Indo-Pacific Advancing a Shared Vision*, which expounds the economic,

governance, diplomatic and security initiatives of the United States around the Indo-Pacific strategy (*A Free And Open Indo-Pacific Advancing a Shared Vision*, 2019). The strategic adjustment of the United States not only reflects the profound changes in the international economic structure, but also reflects the United States' fear of the BRI, which fundamentally shows that the strength of the United States does not match their ambitions to maintain its own values and lead the global governance system.

The international economic structure changes occurred during the 2008 international financial crisis. The crisis marked the end of the international economic, financial and trade order and economic globalization advocated by the United States. The macroeconomic policies of many countries have failed, the global economic growth has slowed down, and the global governance system has faced multiple difficulties. Under this new normal of the international economy, it is important for countries around the world, especially China and the United States, to cooperate to build an effective international market system, deepen global economic and trade exchanges, and work together to smooth out the economic cycle. Carrying the banner of economic globalization, China has transformed itself from a "world's factory" into a major foreign investment country through the BRI, and embarked on the road of global integration. However, the United States continues to deepen its negative perception of the BRI, and believes that it may erode the foundation of the United States' global hegemony after World War II Zhao M. (2021) and pursues the "America First" beggar-thy-neighbor policy.

The global governance system proposed by the United States undoubtedly runs counter to the institutional arrangement established after World War II. Since the 1990s, due to the advancement of technology, especially the promotion of information technology, global trade has gradually shifted from trade in final products to trade in intermediate products and services, and finally contributed to the formation of global value chains. The BRICS countries including China and many other developing economies seized the wave of economic globalization, gave full play to their own resource endowments and comparative advantages, and actively participated in the global industrial and supply chains, and became an important power in the development of the world economy. China also initiated the establishment of the Asian Infrastructure Investment Bank (AIIB) and the Silk Road Fund (SRF), aiming to build an effective international financial cooperation platform, promote the formation of a complete

financing chain, and combine the industrial and resource advantages of the countries along the route to create a harmonious and win-win development of the regional economy.

Under the unprecedented changes in a century, China and the United States have different economic growth "trends" and different prospects. According to the economic growth rate from 2008 to 2021, China's economic scale is expected to catch up with and surpass that of the United States by 2030, which has brought fear and anxiety among the American elites. Since the founding of the United States, the global strategy has been based on the logic of classical geopolitics to create a balance of power and avoid the emergence of a major power that may occupy an absolute dominant position in the Eurasian continent. (Art, 2009) Therefore, while continuing the trade war against China, the United States has stepped up the pace of "decoupling" with China in terms of cyber security, military security, technology access, intellectual property rights, freedom of navigation, and international cooperation. As a result, building an Indo-Pacific strategy became its inevitable choice. The Indo-Pacific strategy attempts to estrange India, Australia, Japan and ASEAN countries from China in terms of politics, economy, military and security, and strengthen inherent contradictions and differences. In this way, China can be checked and balanced, so that the United States can maintain its global hegemony with lower costs and reduce the pressure on it to counterbalance China alone. (Hu, 2022). The basic means of the United States is to attack China's BRI, slandering the initiative as a "predatory economic policy", defaming China's attempt to export the development model through the BRI, turning countries along the route into vassals, and serving China's global hegemony.

Since the full withdrawal of US troops from Afghanistan, the core of the US global strategy has shifted from the war on terrorism to the Indo-Pacific strategy, and the strategic positioning of Pakistan has been lowered from a global strategic partner to a regional hot-spot issue stakeholder. This is a major adjustment of US-Pakistan Relations since the founding of Pakistan. On the one hand, the United States hopes that Pakistan will continue to cooperate with the United States in handling the chaos in Afghanistan. On the other hand, the US hopes that Pakistan will join the Indo-Pacific camp of "suppressing and curbing China". However, the confrontation between India and Pakistan and the Kashmir dispute are also the primary objectives of Pakistan's foreign strategy, and Pakistan is also difficult to fill the strategic

vacuum in Afghanistan after the US withdrawal. Therefore, this constitutes the "Impossible Triangle" of international strategic relations in South Asia. In addition, the rise of major powers in the Middle East, represented by Turkey and Iran, and the improvement of the relations between India and the Middle East have impacted Pakistan's relations with its allies in the Gulf countries led by Saudi Arabia, and the international environment of Pakistan has become tense. At present, the Indo-Pacific strategy, the Sino-Indian competition and cooperation relationship and the strategic dilemma of Pakistan determine that the construction of the CPEC is a key to solving political, economic and social problems in the region, especially in Pakistan. The CPEC is an economic corridor featuring mutual benefit, sharing and win-win results. It is also a cultural corridor where people are close to each other and their hearts are close. It is also a strategic corridor where people are interdependent and closely related. The CPEC fully revitalizes the inherent needs of the integrated economic growth of the two countries, comprehensively connects and optimizes the economic cooperation between the two countries, brings practical benefits to the people of both countries, and lays a firm foundation for the economic growth of Pakistan. The CPEC drives the political, economic, security, and cultural wheels of China and Pakistan to rotate together, hedge against the containment of the Indo-Pacific strategy, maintain the strategic balance in South Asia, and cultivate endogenous power for the China-Pakistan community with a shared future. The regional radiation effect of the CPEC is gradually emerging. More countries expressed their desire to join the construction of the CPEC and invested heavily in projects such as petroleum refining and infrastructure in Gwadar Port (Deng, A, et al 2018).

As an open platform for regional connectivity, the CPEC will attract global investors to join the cooperation, promote regional economic integration, and provide new momentum for regional economic development. With the increasingly stable situation in Afghanistan, China Afghanistan Pakistan connectivity will help to build an upgraded version of the CPEC and become a landmark project benefiting the economic growth of Central Asia, West Asia and South Asia.

3. All-weather strategic cooperative partnership between China and Pakistan is an important guarantee for the stable and long-term development of the CPEC

The construction of the CPEC began in 2015, and concurrently, China-Pakistan relations were

upgraded to an all-weather strategic partnership. The China-Pakistan all-weather strategic cooperative partnership has won support among the people of both countries and covers all areas of bilateral cooperation. All political factions and people of Pakistan have a profound consensus on further deepening the strategic partnership. The CPEC has made Pakistan an important fulcrum of regional integration, connecting South Asia, Central Asia and the Middle East. Therefore, the all-weather strategic cooperative partnership between China and Pakistan has become an important guarantee for the stable and long-term development of the CPEC.

We are also highly concerned about the impact of the political situation in Pakistan on the CPEC. This concern runs through the proposal, planning and implementation of the CPEC concept, and must also be addressed in the high-quality development stage of the CPEC (Raza et al., 2018). The political operation characteristics of Pakistan and the terrorism and separatism in Pakistan determine the arduous task of promoting the construction of the CPEC. China's foreign investment has always been based on non-interference in the domestic affairs of other countries, without any political conditions attached. However, if the project and benefits of the CPEC are fully relied on Pakistan's internal political system, it will inevitably exacerbate the unequal income distribution in Pakistan, and the momentum of separatism and terrorism will further deteriorate, which obviously runs counter to the original intention of the construction of the CPEC. It is necessary for China to have extensive contacts with all parties in Pakistan to build mutual trust. Project investors should pay more attention to the investment in the local social public service field, assume more social responsibilities, so as to optimize the social security environment for project investment.

Pakistan's domestic security governance dilemma determines that the construction of the CPEC and the protection of China's investment interests are inseparable from the cooperation and support of the Pakistani government. Since the construction of Pakistan's nation-state has typical nationalist characteristics, it is a mixture of majorityism, populism and "winner-take-all" politics under the "blessing" of democratic values. And in the absence of centralized and unified leadership, political and social turmoil and threats to national security, the military is often a special political and economic interest group that overrides democracy and nationalism. Therefore, the main feature of Pakistan's political structure is both totalitarianism and elitism, and the military is an important intervening force in domestic political life. Hilali, A. Z. (2020).

When party politics is chaotic, the attitude of the military becomes the decisive factor. However, China's governance model, economic development and modernization process are highly respected by different political parties and people in Pakistan. Almost all political forces in Pakistan support the consolidation and the development of all-weather strategic cooperative partnership between China and Pakistan. This is one of the decisive factors for the CPEC to persist in advancing under various complex situations.

In the high-quality development stage of the CPEC, China and Pakistan will focus on industrial cooperation with special economic zones as the carrier, encourage a large number of private sector investments and joint ventures, and committed to cooperation in economic and social fields such as education, health, agriculture, water conservancy and irrigation, human resource development and poverty alleviation projects. This will bring a glimmer of hope for resolving political disputes, ethnic divisions, religious confrontations and regional conflicts in Pakistan.

4. Financial integration and financial cooperation and the supposed "debt trap" in the CPEC

If the Indo-Pacific strategy of the United States is a strategic arrangement of the United States to directly hedge against the BRI, then restricting the construction of the CPEC, the flagship project of the BRI, from the perspectives of politics, economy and public opinion, is its basic means. Politically, they built the US-Japan-India-Australia alliance, strengthened relations with India and supported India to become a "strategic shaping force". Economically, they increased investment in the Indo-Pacific region, curbed China's growing geopolitical and economic influence, and directly entered the market to disrupt the in-depth progress of the BRI co-construction. A more subtle method is using the "debt trap theory" to stigmatize the CPEC and the Belt and Road construction cooperation. In 2017, Brahma Chellaney, the Center for Policy Studies in New Delhi, India, first proposed that China provides huge loans to developing countries, especially strategically important countries such as Pakistan and Sri Lanka, through the BRI, causing these countries to fall into China's debt trap, thus obeying China's words and obeying China's global expansion strategy (Chellaney, 2017). The "debt trap theory" fully caters to the context and political needs of anti-China forces such as the United States, and become a hot topic of public opinion in recent years. In fact, as long as the investment and financing models and financial cooperation models of the CPEC construction projects, as well

as the debt structure of the countries along the Belt and Road are analyzed, the dirty water of the “debt trap” should not be poured on China.

Financial integration is the core link to promote the interconnection of the Belt and Road. Bilateral and multilateral financial cooperation is required for the financing and cross-border settlement of infrastructure, industrial park construction and other projects in the construction of CPEC. In the past few years, project financing cooperation in the CPEC has been the focus of financial cooperation between the two sides. Most of China's policy-based banks and SOCB have signed project financing agreements or memorandum with Pakistan, and also created new modes of cross-border capital financing such as dual currency Islamic bonds and cross-border foreign exchange transactions. The central banks of the two countries also signed a bilateral local currency swap agreement. The mutual establishment of financial institutions and the cooperation of correspondent banks on both sides have strengthened the financial cooperation between the two countries. In recent years, the two countries have made important progress in RMB cross-border trade settlement, green finance and inclusive finance promotion. In the future, promoting the high-quality development of the CPEC requires more financial support and financial cooperation. It is necessary to guide investment companies to obtain capital from more channels in a market-based operation mode. Of course, it is very necessary to establish the CPEC Development Bank and related special funds in Xinjiang, vigorously develop the "clearing bank" and "corresponding bank" model to expand cross-border trade settlement, and promote financial cooperation such as bilateral RMB trade and investment settlement. In view of the frequent occurrence of natural disasters and backward financial facilities in Pakistan, green finance and digital finance should be the priority choices for financial cooperation.

Different from the post-war Marshall Plan of the United States and the global economic layout of developed countries, the construction of the Belt and Road and the CPEC is based on international production capacity cooperation and connectivity. According to the principle of common consultation, co-construction and sharing, they cooperate according to the social and economic conditions of the host country. They have no political aspirations and intentions. Therefore, they are essentially international investment behaviors, not to mention economic assistance and geostrategic tools. Facts have also proved that the "debt trap theory" doubts about the investment fields and cooperation methods of China's Belt and Road and CPEC

projects are also unfounded. China-Pakistan cooperation focuses on building a regional industrial chain and supply chain system and a bilateral production capacity cooperation system. The first phase of the CPEC focuses on infrastructure investment, mainly in the form of EP, EPC, IPP, BOT, BOO, PPP, and explores cooperation in the form of "project contracting + financing" and "project contracting + financing + operation" in project construction. In the construction of industrial parks that Pakistan focuses on in the high-quality development stage, China actively guides powerful state-owned and private industrial capital, to cooperate with Pakistan's state-owned capital and powerful institutions to carry out production capacity cooperation, and helps Pakistan to establish an advantageous means of production industry dominated by steel, cement, power equipment, construction machinery, etc., and an advantageous means of life industry dominated by light industry, home appliances, textiles and clothing. It has not only achieved localized production, improved the industrial chain and supply chain, but also improved local production and living standards.

In terms of investment and financing arrangements for China-Pakistan cooperation projects, among the 22 projects invested and constructed in the first phase of the CPEC, there are 4 major transportation infrastructure projects with preferential loans provided by the Chinese government; there are 12 energy and port projects invested by Chinese enterprises and their partners, 1 project with interest-free loans provided by the Chinese government, 4 livelihood projects with free assistance provided by the Chinese government, and 1 project funded by the Pakistani government, all of which has driven Pakistan's economic growth by 1 to 2 percent every year, and created 70,000 jobs. Among them, the second phase of the upgrade and reconstruction of the Karakoram Highway (Harveylian-Takete section), the Sukkur-Multan section of the Karachi-Lahore Expressway, the Lahore Orange Line Rail Transit, and the China-Pakistan Cross-Border Optical Cable, 4 major transportation infrastructure projects in Pakistan, with a total investment of US\$5.874 billion, all of which are from Chinese government loans, with a combined interest rate of only 2% and a term of 20-25 years; The total investment of 11 energy projects including Gwadar Port operation and free zone construction project, Karot Hydropower Station and Hubu Coal-fired Power Station is about US\$12.8 billion, among which, the direct investment of Chinese-funded enterprises' own funds is 3 billion US dollars, and the long-term bank loans are 9.8 billion US dollars, with an interest rate of about 5% and

a term of 12-18 years. The investment in the CPEC project fully follows the basic practices and rules of international project financing, and is realized through scientific demonstration and due process under the principle of openness and fairness. Facts have also proved that these projects, which were built and put into use, have not only improved Pakistan's infrastructure, promoted employment and economic growth, but also become a stable source of tax revenue for Pakistan.

The spread of the "China Debt Trap Theory" that ignores the facts is even more of a farce. Pakistan has become a key hype target for the "China debt trap theory". The essence is that the United States, India and other countries are unwilling to see China would strengthen cooperation with Pakistan and other countries through the Belt and Road, so use the "China Debt Trap Theory" to get in the way. But the fact is that Pakistan's fiscal debt crisis is largely related to itself. Due to the long-term balance of payments imbalance, trade deficit, fiscal deficit and investment-savings gap continue to widen, coupled with its overall heavy debt burden, the pressure of short-term repayment of domestic debt, the significant increase in external debt and the shortening of the overall maturity, once the US dollar starts to raise interest rates, its financial situation will deteriorate sharply. As of the end of July 2022, Pakistan's foreign debt balance is about 130 billion US dollars, and the international reserve balance is only 14 billion US dollars. It is difficult for international reserves to cover short-term foreign debt repayment, coupled with the flood disaster that has not occurred in 30 years, Pakistan's debt risk has always been high. However, the Chinese loan for the CPEC project is 16 billion US dollars, accounting for only 12% of the balance of Pakistan's foreign debt, and most of them are low-interest and long-term government loans. The rest of the foreign debt is mainly from the International Monetary Fund, Paris Club and other Western mechanism. The CPEC project is not the main cause, and the "China Debt Trap Theory" can be put to rest.

5. The reconstruction of the industrial and supply chains and value chains of the region by the CPEC

At present, the global economic governance system has entered a critical period of reform and construction. The time and conditions for China to actively shape the external environment and participate in leading the reform of the system of the global governance are ripe. Promoting the Belt and Road to enter a new stage of high-quality co-construction, insisting on taking

enterprises as the main body and market-oriented, deepening international production capacity cooperation, and building a mutually beneficial cooperation system for industrial and supply chains are important tasks for China to implement a high level of opening up. This is determined by the economic structure of the world today, which has changed from the "center-periphery" circulation mode with developed countries as the core to the cooperation mode in which developed countries complete the high added value part of products and developing countries complete the resource consumption part of products. Based on this new model, the BRI can effectively realize the coordination of industrial chains and supply chains in different countries and regions along the route and the reconstruction of its corresponding value chain. Since the 1980s, developing countries increasingly participate in the division of labor in global supply chains, and their share of global value-added trade has increased from 30% in 2000 to half in 2020. The value-added trade also contributed more than 40% to the economic growth of emerging economies and developing countries. China is the beneficiary of global supply chain trade, and is currently in the stage of accelerated industrialization. Capital-intensive industries and technology-intensive and high value-added industries have become the focus of development. Labor-intensive industries at the beginning of industrialization urgently need to be transferred to the eastern, central and western parts of the country and to neighboring countries.

As an agricultural country, Pakistan has a GDP of 347.7 billion dollars in 2021 and a GDP per capita of only US\$1,562. The primary and tertiary industries account for 24% and 55% of GDP respectively, and industry accounts for 21% of GDP. Whether from the perspective of economic scale or industrial structure, Pakistan is in the early stage of industrialization, and its relatively advantageous industries are concentrated in the fields of planting, mineral mining, textile and clothing, leather, sugar, cement, chemical industry, etc., facing the urgent task of realizing industrialization take-off. If the energy, transportation, power and other infrastructures completed in the first phase of the CPEC have built a good runway for Pakistan's industrialization take-off, then the industrial and industrial parks and other projects launched in the high-quality development stage of the CPEC will add wings to it. Based on the actual economic development of China and Pakistan, China can provide Pakistan with capital, technology and management experience by taking advantage of its own manufacturing level,

so as to rapidly improve the country's industrial capacity and realize mutual production capacity cooperation. Taking the steel industry for example, the overall level of the steel industry in Pakistan is lagging behind, the equipment is seriously aging, the production capacity is insufficient, and the market is in short supply. However, China's steel overcapacity is facing the urgent task of industrial upgrading. If China's excess steel production capacity can be transferred to Pakistan, it will give a strong boost to the development of Pakistan's steel industry and provide new opportunities for the internationalization strategy of China's steel enterprises (Xuan & Yue, 2017). What's more, taking the cotton industry as an example, Pakistan's cotton industry is the pillar industry of its export earnings. The cotton output is high and the quality is good, but the processing level is low. If the cotton trade between Pakistan and the western region of China is promoted, it can not only solve the problem of Pakistan's export and the trade imbalance between both countries, but also provide a high-quality source of raw materials for the upgrading of the production capacity of the textile and garment industry in the western region of China. With the deepening of the co-construction of the CPEC, China can not only export excess production capacity to Pakistan to realize its own industrial upgrading and adjustment, but also promote Pakistan's product exports through trade and promote its urbanization and industrialization process.

Conclusion

The world is going through unprecedented changes in a century today. When the United States set off a trend of "de-globalization" and developed countries were stagnant in economic globalization, China launched the BRI. In addition, China carried out the great practice of "six corridors and six roads, multiple countries and multiple ports" in the Eurasian and African continents, and successfully built an interconnection framework for international production capacity cooperation, in which China-Europe freight trains have reached 24 European countries, the scope of international road transport cooperation has expanded to 19 countries, the international waterway transport routes have covered more than 100 countries, and the civil aviation routes have reached 64 countries and regions. With the deepening of the BRI co-construction with the CPEC as the flagship, a more open and inclusive global governance system that shares the fruits of global economic development is gradually taking shape.

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