



**RESEARCH PAPER**

**Politico-economic Scenario of Pakistan: A Way Forward**

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**ABSTRACT**

The study shows debt for development is a deception and funding are cannodling the sovereignty, entrapment and distressing economic policies of Pakistan. Underdeveloped and developing states are lured by loans for transformative developmental and infrastructure projects illuminating any significant relationship between financial institutions, state's financial backing and economic growth whether it is positive or negative. The study is focused to draw conclusion and make recommendations through analysis whether Pakistan should borrow from US, China, IMF, friendly countries and other financial institutions, or look for other ways of handling under developing economies and starvation. The lender states by using their own brand of "debt trap diplomacy" is compelling smaller states to stomach by their injunctions. This will have maleficent corollaries for the borrower countries and is likely to bounce back on funding state or institution. It is worthwhile to know that how the lender states and financial institutions through financial assistance and loans trying to pursue its geopolitical or geostrategic interests in Pakistan? The lender states are snuggling the sovereignty under the shadow of Infrastructure upgradation, road, rail and energy sector development of the borrower states and the financier institutions focusing well on finding resilient solution to economy of Pakistan.

**Introduction**

The term debt-trap was used first time by Brahma Chellaney to portray the amount and number of loans contracted and provided by Beijing to the countries of South Asia, South East Asian states and the others. Debt-trap is a situation when it becomes difficult to repay, is termed as debt-trap. Generally, the high interest rates on loan payments avert repayment of the principal of liability. The state borrowing or been provided with the loan for development is steered into a sequence of re-

borrowing or reverberating the credit imbursements. Sometimes the pledger countries remain incompetent to assemble enough money for slated defrayal on the foremost amount borrowed from financial institutions or developed states pursuing connectivity projects. Debtor countries on the other hand acquire loans to fill the gap of balance of payment, uncertain financial crisis, budget deficit, infrastructure development or with a view to arrest the deteriorating foreign exchange reserves of the country. The loan shark patronizes the credit through hard-hitting conditions because the financier state or institution pretends to be in this condition to get her demands accepted by the borrower state. Money owing as against is grueling or impossible to repay due to the abnormal interest rate on the lent principal. At the time of borrowing, it is reckoned as an inducement that lures the borrower state to accept the long-term indebtedness, unwrapped propitious for the lender. Recipient state provided with the assistance in the form of loan, aid, assistance etc. is commanded and controlled by the lenders into a series of borrowing again or billowing over the finance defrayal since the country is incapable to furnish the disbursements of debt. These debt snares are normally crusaded by high-interest rates, truncated terms, surmised as a hallmark of predatory lending.

The indebtedness of the state is increasing with every passing year and regime. It may make sense for the desperate lenders to provide the loans or debt for development by easing the terms of repayment in order to recover the loan from a defaulting state. Principally the loans have negative effects on economy of the recipient state caused the sour in the first place with gross mismanagement in development projects, unproductive spending with huge costs. In Pakistan the slum following the September 11, attacks and world economic recession effected the internal security paradigm with dependency on the foreign loans ("Lenders in Debt Trap," 2003). The lenders pray on the developing states with cutthroat lending terms, the sovereign state has to accept to meet the balance of payment deficit and upgrade the infrastructure. Legislature from any political regime, who have the power both to standardize, have done next to zilch. In the South Asian region, Chinese aid to Pakistan is predominately supporting infrastructure development. Evidently it is observed that China has not been engaged in debt-trap in the South Asia as observed by the Western literature.

### **Rollover Loans**

The most significant descriptions of rollover loans are, that can coxswain scrounging or receive of debt State into a debt-trap are short repayment terms, lump sum repayment, and loan [rollovers](#). All the attributes of rollover loans, sometimes appeal on the same loan received by a sovereign state for development or to meet the balance of payment. The lender fixed the repayments over a month, few months or years and characterized as short-term borrowings. If the state remains unable to repay, the lender usually gives the option of rollover the debt or loan. Rollover loan is, therefore, instrument the vending of contemporary reassurances to pay for the restoration or renovation of mellowing indemnities and securities. Debt's maturity plays a key role in determining the country's rollover risk (HE & XIONG, 2012). The effect of short-term debt or loan for development, the rollover risk face greater

default risk. The governments pay a privileged feast when opting assortments thru sophisticated liabilities and debt perceptions. Elevated smeared spread on the other hands replicate the government evasions in the future and the higher spread disguised by higher risks represents an extra cost for the government (Bianchi et al., 2018). This model of borrowing with financial conditions is regarded standardized to copycat noticeable structures of an incipient market and economy.

A rollover loan is renewed robotically after a predefined term of payment. In order to sidestep default as in the case of other loan types, the debt in this condition is time after time renewed as unsullied finance. Rehabilitated loan terms and conditions can be poles apart from the earliest lending. Rollover mortgages or payday loans are common examples of rollover loans. The debt from the lender state is simply carried over to new loan which becomes out of question to pay by the borrower state and wedged in debt trap. Financial aid, on the other hand is not regarded as permanent solution to the economic crunch or to provide support to the economy. Pakistan, being in the developing states assemblage, borrow from the lenders for development and in the presence of debt affliction, sustainable development and social hoist of the society will be an elusive goal. Every year, the state is coerced to generate surplus just to cover the financial charges and a significant portion of the charges is related to the original or old debt. Due to the facts the resources have been siphoned with terrible social costs and highly negative budget deficits at the end of each financial year since 2008. Defrayal is to be met with financial assistance, further pushing the economy into debt-trap while enhancing the domestic factors of production.

### **Essential to Conduit Connectivity Gap**

Pakistan has to face the challenges of developing its economy in the presence of sinister neighbor in South Asia also face the challenge of developing socio-economic position to compete the states in the region. The economic development is essential in order to concentrate on manifold socio-economic and governance hitches. Ill-fated geo-political and geo-economical undercurrents piloted to a number of profoundly ingrained national disharmonies and bilateral crisis. The portent turned Pakistan into the situate of the most stubborn inter-state conflicts and skirmishes. Copious progressive, socio-economic consolidation approaches and strategies became futile and failed with superfluous impediment on the way to make Pakistan financially secure, economic sustainability, defensible, justifiable with viable development as well the good governance. The sovereign states are endeavoring to change past trajectories, strengthening the states from within and formulating more gracious testaments to achieve economic performance, socio-economic security and good governance. The autochthonous region of Pakistan has to face multiple issues of elimination of poverty, tremendous inequalities, self-sufficient economies to protect from debt-trap when the state comes to eradication of poverty, development and challenges of governance and security. The issues within the states can be linked with the connectivity gap within the region and with the

neighbors proving and opportunity to the lender states with upshot of debt-trap. It is, therefore, considered true that China Pakistan Economic Corridor, initiated by Beijing under the shadow of BRI would fill the connectivity gap with increase in trade volumes. Disdain from the fruits of development, the zeal and zest in Pakistan about the foreseeable and anticipated monetary benefits and triumphed evolution in CPEC-related projects, cynicism remnants concerning the inclusive realization, unrelenting economic progression and specifically enduring socio-political and cultural insinuations.

It is important to dig out the inhabitant's view of CPEC's social-cultural and economic impacts on their wellbeing. According to an analysis there is, however, little knowledge about the impacts and framework how CPEC can affect and improve the subjective well-being, improved and convalesced life standard of the people of Pakistan. For china, CPEC is more vital providing safest path for trade and reducing the shipping costs and shipment for oil transport as compared to Malacca Strait which can be proved a danger route in future due to American control over it. According to the project narrative and symposium the development of CPEC not only convalesces the economy of inhabitants but also provide advantage to the society from a socio-cultural point of view. By facilitating the social and economic activities only, the economic corridor can provide an easy access to educational institutions, health facilities, employment, business possibilities and interaction between local communities. The economic corridor can provide an opportunity to local community with its effective implementation and pragmatism.

#### **BRI: In the Broader Framework**

China retitled the BRI into OBOR (One Belt One Road) is corner stone of President Xi-Jinping's reorganization of economic structure of country and the region in the arrangement of opening domestic economies for outsourcing the funds to the international economy; inaugurated with the pronouncement of 3<sup>rd</sup> quorate central committee conference (CCC) of the Communist Party of China (CPC) in 1978. The economic corridor in Pakistan inaugurated in 2013 in the name of CPEC is intimately a shadow of BRI. China supported economic corridor under the gumshoe of BRI for infrastructure development also known as the One Belt One Road and 'New Silk Road' according to Western literature. Multi-billion-dollar cross continent economic project or connectivity enterprise by China is milestone project of 21<sup>st</sup> century for trade and development. In this way BRI is an ambitious and largescale endeavor with trans-continental magnitudes designed to convalesce and improve infrastructure of developing countries. The argument on the ambitious project points out the Beijing's motive to enhance domestic trade without contemplating the comforts and welfare of the sovereign states. On the other hands, BRI is prefigured by its promoters as a stimulus of regional cooperation, socio-economic growth. Main focus of BRI is regarded as the promotion of association among the countries of Asia, Middle East, Europe and other parts of the world by land (the road) and sea (the belt). The shadow project of BRI 'CPEC' intends to associate Chinese city of Kashgar in Xinjiang province with the sea ports in Pakistan in the Southern region of the country (predominantly Gwadar). The investment on the projects belongs to China.

The plan to execute the projects through substantial investment in different infrastructure development, railways, energy, ports, dams, fiber with high-speed optic cables, research insides focusing and promoting economic activities through economic and industrial zones. According to an estimate the investment by China in the projects under the silhouette of BRI is significantly bigger and larger in the form of investment approximately seven times the Marshal Plan of US. The article argues on the nightmare of debt-trap by developing states with focus on Pakistan by huge investment in the BRI pilot projects which will serve as a laboratory and in the case of useful, will provide lessons for future economic or other corridor endeavors.

In the economic cooperation the CPEC is the first comprehensive and wide-ranging, cross-sectoral endeavor to augment and strengthen financially viable and economic ties between Beijing and Islamabad. CPEC was conceived in the mid 2013 by the two neighboring all weather friends and launched in 2015 with multi-billion growth, development and infrastructure, energy and economic package. The projects initiatives include the loans to Pakistan for infrastructure development and investments or grants to carry out the accomplishment of projects discussed supra. Andrew Small in his research asserts that CPEC is 'one of the only so-called corridors that legitimately appears to complement the intended aspirations of Xi Jinping's scheme' (Small, 2017). Although the economic corridor is sold as potential economic and infrastructural development project to Pakistan, sequels of its ventures still to yield outcome for the Islamabad. The projects are launched in the economically functional parts of Pakistan with a hope to get the returns from investment. Excluding few projects in Gwadar, there is diminutive the state has benefited from CPEC projects in the form of industrialization, employment opportunities or socio-economic change according to an observation.

In spite of the circumstance and statistic that Pakistan was the prevalent beneficiary of Chinese aid and investment. Therefore, there are copious cynicism subsequently the leadership of Chinese and Pakistan proclaimed, publicized the twitch of CPEC. It was conjectured that the economic corridor will be comprehended and simply endure as aspirant assessment scripted on papers. The project spans many countries across the world wide ranging both geographically and functionally. Criticism from Developed states of West of infrastructure investment by China in corridor projects contains the market snare and debt trap that Beijing intends to reshape the international relations in its favor by enhancing the dependency of partner countries financial dependency (Moblely, 2019). The assumption is due the fact that the purposed raw material and contract are financed and provided by Chinese companies.

### **Predatory Loans a Debt Cycle**

Debt traps are usually caused by high-interest rates followed by 'short terms of repayment. Role of predatory lenders cannot be ignored in the debt trap of a sovereign state. Debt cycle well-defined when voracious lender offers loans and finance the social and economic projects and the loans intentionally difficult to repay

by the recipient state. On the other hands the financial institutions articulate a number of reforms that are always encumbrance for country's domestic economy. The lenders can ask for a number of administrative, economic or social reforms that have direct impingement on destitute and middle sectors of state population. Financial tending under these enchantments for a state cannot be conceived as fiscal and economic viability because these marauding snares are not collateral in becoming monetarily self-reliant. The debt trap is carried out when there are also bilateral relations between the two states.

Rapacious lending is characterized by exceptionally elevated interest rates or charges, and obnoxious or gratuitous provisions that do not benefit the borrower in any way, including distend payments, bulky forestallment penalties, and underwriting that ignores a borrower's repayment capability (*Avoiding Debt Traps*, 2012). The strategy and threats to security arises when the strategy is to "encourages dependency using obscured contracts, rapacious credit rehearses and dishonest arrangements swamping nations in debt deflation to their sanctuary and emasculate their sovereignty. The debts, on the other hand are denying the states long-term and self-sustainable economic evolution keeping in view its pragmatic approach that if the borrower state cannot pay back the loan soon after the lender will find the other ways of benefit. With this idea there is always a win-win situation for financier, other lenders and undeniably somewhat to acquire from its ensnared lending. Although through its spurring development, China wants to open up new markets for its products in the region. The People Republic of China pursuing to inaugurate economic supremacy in the region and thus broaden its economic crown and simultaneously striving to curtail India's influence in South Asia (Jain, 2018). For the purpose, on the other hands, the Communist State is also pursuing its socio-economic interests with while enhancing bilateral relations with the neighboring countries. According to one perception the financial institutions has been skillfully commissioning economic tools of intimidation and enticement in shepherding its foreign policy (Long Term Plan, CPEC). The economic development on the other hand receives no relief in spite of the cosmetic apparent development in the state.

### **New Role of Development Cooperation**

Foreign aid and debt for development are the two main instrument for generating and reallocating resources in the world economy and campaigns the ways through which the industrialized and developed states can interject to the development of needier or less developed states instead of stipulating ensnare assistance. The developed states cooperation with Pakistan and the provision of aid is not new as in the course of time shift over the past decades, succor for the state cannot be the upgradation or foreign policy priorities. The rationale and potential economic gains from development assistance benefactors analyse the tendency and concentration of linkage between the dynamics of aid and development. Aid is often linked to the implementation of structural economic reforms for the recipient state. Provision of aid facilitates and accelerates the policies of trade liberalization that can affect donor's exports because trade barriers are removed with an escalating market access opportunity for developed and industrialized state. Aid is used as an

instrument of trade policy. Trade is an element of aid where the subscribers funding more aid to those inheritors that import more from them.

### **Archi type Review of Pakistan**

Pakistan behaves at present and serves as a centerpiece for Belt and Road Initiative by its involvement in the pilot project of economic corridor. Economic projects pursued by China are currently valued at probably \$62 billion. Out of the sanctioned or allocated project cost at least \$33 billion estimated to be capitalized for energy related projects. Out of the stipulated funds China will support and invest roughly 80 percent of the emphatic volume. In spite of the meager amounts allotted for economic and infrastructure projects and this motivation, there have even now scratched projects utmost three major road projects. Pakistan is among the [eight countries](#) as far-flung as Djibouti and Montenegro with distressing degree of owing with China. Lender states overturns the countries with money and power corroding national sovereignty and when the state is not capable to pay back the borrowed sum. The Chinese governments sequester the physiological infrastructure, at the cost of nonpayer country's sovereignty. According to an analysis it is not only an investment in an infrastructural development and up gradation, but they want to expand their markets and influence to the other state as is the case of Sri Lanka. Economic aspects, on the other hand, in Pakistan have been woebegone by internal political disputes and low level of foreign investment which have led to squatty progression and decay. A \$66 billion "China- Pakistan Economic Corridor" that is being enforced targets energy and transport, oversubscribed as a considerate economic project awarding infrastructure to indigent sovereign countries in South Asia, Southeast Asia and Central Asia. CPEC is undercover of BRI which in realism a descriptor of Beijing's enduring tactic for solidifying muscle in the South Asian region and fortifying the geopolitical and geostrategic association. BRI projects are designed to connect China to European and Middle Eastern marketplaces. On the other hands these developmental channels will render access to Central Asia's voluminous natural and other resources. The transportation development, meanwhile, is poised of maritime, railways and road infrastructure built and improvement ventures in Southeast Asia, just about the boundaries of Indian Ocean, as well as alongside the East African seashore. These projects are daresay to give China an easy entry to the Mediterranean Sea, Persian Gulf and Indian Ocean. The beneficial of BRI are the states of – Pakistan, Sri Lanka, Laos, Thailand, Mongolia, Kazakhstan and Kenya because these states oftentimes do not have the capabilities and resources to build the infrastructure China offers. Economic Corridor with Chinese assistance is assessed to bring in an initial \$46 billion investment in energy, economic and infrastructure development projects. According the view the CPEC project is expected to be operationalized by 2020 (Sharma, 2016). To further support the argument, it is pointed out that the other \$12 billion for the economic corridor project would be concessional government to government loans whose terms are so far to be negotiated. Development finance on the other hands is a significant part of states purposed strategy and foreign policy objectives.

## **Politico-economic Impact of BRI**

Belt and road initiative launched in 2013 is generally comprehended as a geopolitical and geostrategic approach to develop new dominance structure with hegemony of China in Eurasia and specifically in the South Asian region of the world. Scholars from the world and other observers alike define the BRI as a 'geopolitical and diplomatic offensive' (Godement and Kratz, 2015: p. 2), intended at 'nothing less than rewriting the current geopolitical landscape' (Fallon, 2015: p. 140), or even 'world dominance' (Fasslabend, 2015).

Belt and Road Initiative proposal bridges 68-countries with proclaimed investment of 8-trillion dollars to build a linkage between the countries by means of transportation, building energy related projects, telecommunication and infrastructure associating Europe, Africa, and Asia. BRI is regarded as an infrastructure financing enterprise for global politico-economic development. Belt and Road Initiative projects is the main conduit spurring expansion, built and development of infrastructure at native land and abroad. Infrastructure development is a contrivance to connect China with the superficial world for the purpose of enhancing Chinese trade. The core idea behind the Belt and Road Initiative, therefore cannot be debt-trap in the case of Pakistan: Beijing interchanges the reimbursement of infrastructure development projects under the shadow of BRI, CPEC etc., and offering credits for the purpose. The BRI has not come devoid of snags: The Economic Corridor development project has offended Sino-Indian relations, which is an aspect in state security while political upheaval in Southeast Asia is connected to China's amplified perceptibility and sway. Through the trillion dollars OBOR initiative, the communist state is proposed to spend \$1 trillion filling the gap in international transportation and infrastructure ventures funding in strategically situated developing countries like Pakistan for growth of economic, social or human development. Multilateral institutions like World Bank, IMF and Paris Club determine the standards of loan; China needs not to follow the standards and to inform its credit activities being not the member of Paris Club. (Hurley, 2013.)

Amidst the BRI, Chinese loans are ensnaring the developing countries, their dependence on China, transforming their reliance into geopolitical change and as consequences the states are emmeshed in a debt trap by the developed countries by accepting the terms of assistance that places them vulnerable to their influence. Debt traps in less developed states in the world are considered as an attribute of its imperialist spirits. Malaysia rethinks of Chinese belt-and-road projects and cancelled two multibillion dollars Chinese projects because the state cannot pay its debt and to remain away from a new colonial version pursued by China has lessons for other countries. Increasing debt problems and role of lender in managing bilateral debt hitches has impaired and intensified internal as well as bilateral apprehensions in some states related to BRI, such as Sri Lanka, where people frequently clashed with police over a new industrial zone surrounding Hambantota port. In the case of Pakistan Chinese officials overtly appealed to opposition politicians to cuddle the construction of the China-Pakistan Economic Corridor (CPEC), BRI's "flagship



project” to bolster ties between China and Pakistan. Albeit at a snail's pace, the states are realizing the consequences of aid or loan related cash.

### **CPEC- Debt Trap or Game Changer?**

United States yells BRI “Made in China, Made for China” initiative however, India verbalizes this inventiveness does not respect sovereignty of the states in South Asia. China-Pakistan Economic Corridor (CPEC) is one of the flagship projects of BRI. Majority sector of Pakistan zealously received corridor project when it was first launched. In selected billets uncertainties begin to set-in that CPEC being attributed to many of the ills currently pestering Pakistan economy. Through the development projects under the umbrella of BRI, CPEC; China is promptly piercing in the economic domain of South Asian states by developing only infrastructure of the developing states. Through Asian Development Bank (AIIB) and global trade and investment association, the communist state is ambitious to develop the China-centric economic corridor. Pakistan is the recipient of China’s development assistant under the CPEC a flagship project of BRI. The reemergence of China as the economic giant of the world has shifted the center of gravity to Asia (Jain, 2018). In the Asia Pacific Index that measure national power, including military, defense, economic and cultural domain, China ranked 2<sup>nd</sup> out of 26 for comprehensive power with an overall score of 76.1 out of 100. China ranked 1<sup>st</sup> in economic compatibility index with economic size and attributes with the most geopolitical relevance in the region as well as with the economic weight as reflected by its GDP. In economic relationship where the capacity to exercise influence and leverage through economic interdependencies ranked at 1<sup>st</sup> according to the Asia Pacific Index Similarly, in diplomatic index and cultural influence through which the communist state wields the ability to shape international public opinion through cultural influence and communication China ranked at 1<sup>st</sup> and 2<sup>nd</sup> respectively. The state with that much power and capabilities exert its influence over the other state not on equal basis.

The recipient state has to accept the cultural coalescing, economic dependence and debt for development. Besides industrial development that can resolve the issues of unemployment, poverty the debt enhance the burden over the population adversely. Economic relationships measure is incorporating the China’s trade, development and economic assistance to Pakistan or other Asian states. Pakistan being in the South Asia with geopolitical and geostrategic significance where China is deepening its economic, developmental and specifically cultural intermingling in the case of Pakistan. In the world of international business, South Asian states are the epicenter of future growth and development of the people due to its approximately 22% of world’s population with large number of poor on the other hand (Zhu Wenqian, 2016). Regional integration of China due to its larger resources and regional production network enhancing its role in regional politics (John Wong, 2016). Strategically the region also garnered the attention for being a “nuclear flashpoint” and Pakistan with its nuclear capabilities is the recipient of Chinese aid for development. Pakistan became China’s close ally during the cold war and

specifically in the aftermath of China-India war. In its “all weather” relationship with Pakistan, the China provided military hardware including the development of nuclear capabilities. In this the way China engagement in the regions increased during the Xi Jinping regime in multiple realms including trade, investment, development on the pretext of its seductive economic generosity. Further the Beijing, through its infrastructure projects in Pakistan, wants to increase socio-economic cooperation and cultural assimilation.

### **CPEC an Asset or Liability**

China-Pakistan Economic Corridor has been portrayed as regional connectivity. According to the framework devised under the scheme of infrastructure development will not only be beneficial for China and Pakistan rather it can have optimistic or affirmative impression on other South Asian states in the borough. With the dramatically enhanced presence of China in the region over the decade Beijing is interacting with the politico-social and economic realities of Pakistan. Under the shadow of China Pakistan Economic Corridor which is regarded as trek towards economic development and regionalization in the globalized world have no clear impact on the borrower state economy. It is regarded to develop peace, infrastructure development, and win-win model only for the lender state.

China is very much concerned and careful about its investments under the shadow of BRI. Pakistan signed the CPEC with a hope that it will be advantageous and constructive for the country but it contracted a prejudicial and discriminating bigoted deal for which the country will have to agonize rather prospering. It has been seen from the reports stemming from public that euphoria, jubilation as well as disappointment and disillusionments are vaporizing. Therefore, China faced the difficulty to deal with democratic governments of borrower states rather it wants to contract about CPEC with the Pakistan Army. The dependency of Army on Chinese assistance and support cannot be denied on the other hand. It cannot be viewed as an asset as CPEC is not imposing any immediate yield to infrastructure development, energy sector outflow under the sleuth of Belt and Road Initiative. Debt related outflows will not be preponderate by the Chinese investments to develop the state with respect to rail and road network rather economically.

### **Factors Supporting Economic Expansion**

The concept of “embedded liberalism” was familiarized by Ruggie (1982) to characterize the international economic order transpired from the termination of WW-II. Economic nationalism expressed with different nuance. The research also focuses on the political implication of what has become to be known as “China Shock” with its enhanced exports becoming one of the leading economic players. There have been observed negative impact on domestic economies due to the emergence and infusion of Chinese economy in the markets of developing countries and displacement of domestic manufacturing. European Union is suspicious of incursion of Chinese stashes and is keen to concoct elucidations to restraint. South Asia, where less developed countries exists receive greater upshots of foreign debt

and no such collective counter response has been shown by the sovereign state of Pakistan. Despite the controversial BRI, the Pakistan has welcomed Chinese economic and development assistance at unlike rappers. China's strong security relationship with Pakistan and border dispute with shaky relationship with India has intensified her involvement in the region. Beijing got the advantage of achieving win-win outcomes in her perspective in dealing with the South Asian states due to fragile intra-regional assimilation. This weak intra-regional economic integration, according to the World Bank report, 2016, "On average, India, Pakistan, Sri Lanka and Bangladesh's exports to each other amount to less than 2% of total exports." (World Bank, 2016). Beijing's notability as persuasive economic power has had a multiplier clout: its emergent economic sway as the world's second largest economy with mighty global firms and global investments and as the launcher of the mammoth development projects has made economic cooperation with China fascinating.

For instance, Islamic Republic of Pakistan visualization in relation to the China Pakistan Economic Corridor (CPEC) is "to fully harness the demographic and natural endowment of the country by enhancing its industrial capacity through creation of new industrial clusters, while balancing the regional socioeconomic development, enhancing people's wellbeing, and promoting domestic peace and stability (Long Term Plan)." The financial assistance to Pakistan and other countries of South Asia under the shadow of BRI has warranted China benevolence. In the scheme of development project grants (aid gratis), interest free loans and concessional loans are to be provided by the People Republic of China for socio-economic development of Pakistan.

### **Review and Reflections**

Debt-trap argument is the agency and rationality it assumes exist in the aid or loan by developed states, financial institutions of other lenders in the delivery of financial assistance. It can, however, can be branded as a reprehensible and immoral endeavor to leverage influence. It would be incautious to completely discount the possibility of debt-trap by the financial institutions or finance bringer state. Unsustainable debt burden is actually a result of policy influence, socio-cultural dominance and insecurity as perceived a threat to the sovereignty of the state. Chines or other lenders loans for development and budget deficit undermines the underlying commercial basis which is unlikely to deliver 'soft power' returns. Insidious potential of debt-trap can be the actual assets seizure by the lender with security and sovereignty of the state at stake. The most critic economic corridor project funded by china; in history, China does not remain an imperialist, colonialist or violent state. In order to develop infrastructure and to execute the energy projects under the umbrella of CPEC, interest free loans and investment should be appreciated rather going into debt-trap.

Neither China nor other international Financial Institutions pursue the policy of 'debt-trap diplomacy' by luring the underdeveloped or developing states into

unsustainable loans for development. The economic zones which are part of the corridor projects have allegedly been earmarked for Chinese companies. The state of Pakistan needs to shun the perception portrayed by West that Pakistan may not be benefited economically until the contract to use the port by Chinese expires. It is plausible that the economic corridor plan eschews instances of debt problems amongst its participating countries. Government also needs to take far-reaching methods to acquaint with the economic reforms and infrastructure development projects which are indispensable to assurance the country's economic practicability, viability and financial sovereignty while minimizing dependence on other states for its infrastructure or to arrest the deteriorating economic conditions. China prefers to employ worker for the projects from her own state for all the projects that it funds. In this regards the state should engage local population for the employment opportunities generated by CPEC as there is rather insignificant support for creating employment opportunities in Pakistan. Local companies of Pakistan can also be provided with opportunity and a level playing field as compared to Chinese companies. The Government of Pakistan on the other hand by redefining appropriate strategies regarding the use of these progressive and developmental projects can catch the conveniences. Foreign assistance should be linked with policy objective of eradication poverty, socio-economic development, and industrialization and employment opportunities for the developing state with sustainable human development. There is need to take measures to sojourn the perception that Chinese workers have been provided and with its own specific construction companies execute the projects through CPEC in Pakistan. It is, therefore, the money flows from the Chinese policy banks to Chinese construction companies without benefiting the local people. Debt for development is to be seen as a measure not only to assist Pakistan but also as a means of building socio-economic bilateral relations and strengthening the economic position of country as a way to create and consolidation of foreign trade relations. This implies the provision of equal opportunities for the recipient and donor state. The terms of CPEC are still not clear and public and financing for infrastructure, energy and railway projects can be alienated by two parts connecting the cities of Pakistan and China which needs to be focused. It is essential to ascertain that to what extent Pakistan is profit from these Chinese investments. There is need to eliminate the perceptions that China, through infrastructure development projects planning to subjugate Pakistan's immovable assets developed by Chinese aid or naturally bestowed to the state, including Gwadar port, and it is not going to award a revenue generating significance to CPEC for Pakistan.

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