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China's Belt and Road Initiative and Prospects of Cooperation among Business Schools: A Perspective from Pakistan

Jawad Syed
Suleman Dawood School of Business
Lahore University of Management Sciences

Memoona Tariq
Huddersfield Business School
University of Huddersfield

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Suleman Dawood School of Business
Lahore University of Management Sciences

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Jawad Syed
Suleman Dawood School of Business
Lahore University of Management Sciences
Jawad.Syed@lums.edu.pk

Memoona Tariq
Huddersfield Business School
University of Huddersfield
mem.tariq27@gmail.com

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Abstract

This paper offers an overview of the Belt and Road Initiative (BRI), which is a Chinese development strategy that focuses on connectivity and economic, cultural and political cooperation between China and the world through the historical land-based and new maritime Silk Road. In particular, the paper discusses the Pakistani section of the BRI, known as the China Pakistan Economic Corridor (CPEC). The paper discusses the human resource development aspects of CPEC and outlines the important collaborative role that business schools in China, Pakistan and other countries along the Belt and Road may play to support this important initiative. Given the vast scale of investment and infrastructure development related to this initiative (estimated to be more than $60 billion in Pakistan alone), it is important to pay attention to the enormous need of technically and cross-culturally competent managers and business leaders to support this initiative.

Key words: Belt and Road Initiative, business schools, China Pakistan Economic Corridor, human resource development, One Belt One Road, Silk Road

Introduction: The Belt and Road Initiative

The Belt and Road Initiative (BRI) is a Chinese development strategy that focuses on connectivity and cooperation between China and the world through the historical land-based and new maritime Silk Road. The initiative was introduced by Chinese President Xi Jinping in 2013 to boost economic and wider social links between China and the global regions including South Asia, Southeast Asia, Middle East, Europe, Oceania and Africa (Swaine, 2015). The initiative is aimed at boosting the common prosperity of more than 65countries along the Belt and Road.

This paper offers an overview of the BRI with a specific focus on its Pakistani section, known as the China Pakistan Economic Corridor (CPEC). It discusses the human resource development aspects of CPEC/BRI and the important collaborative role that business schools in China, Pakistan and other countries may play to support this initiative. Given the enormous scale of investment and infrastructure development related to this initiative (estimated to be more than $60 billion for CPEC alone) (Siddiqui, 2017a), it is important to pay attention to the vast need of technically and cross-culturally competent managers and leaders for CPEC/BRI projects.

China is one of the largest global economies with a GDP of over $11.2 trillion (World Bank, 2017a). The country is projected to become the world's largest economy in 2050, with a GDP of $58.5 trillion, up from $5.7 trillion in 2010 (PwC, 2017a).

The construction of Belt and Road may be seen as the Chinese response to the new era of economic globalization, in expanding its economic, cultural and political outreach as well as meeting the demands of countries along the historical Silk Road. Chinese officials often emphasize connectivity, inclusiveness and the interest of participating countries in referring to the BRI (Lingliang, 2016). The initiative provides an opportunity for cooperation and complementation in addition to other regional cooperation mechanisms. However, these countries differ in their ability to pursue transformative development, due to divergence in their economic, socio-cultural and political landscapes.

Also known as One Belt and One Road (OBOR), the initiative is geographically structured along seven economic corridors (PwC, 2017b):

1. China–Pakistan Economic Corridor (CPEC), from Western China to the Indian Ocean through Pakistan
2. Eurasian Land Bridge, from Western China to Western Russia
3. China–Mongolia–Russia Corridor, from Northern China to Eastern Russia
4. China–Central Asia–West Asia Corridor, from Western China to Turkey
5. China–Indochina Peninsula Corridor, from Southern China to Singapore
6. Bangladesh–China-India-Myanmar (BCIM) Corridor, from Southern China to Myanmar
7. Maritime Silk Road, from the Chinese Coast through Singapore to the Mediterranean

The initiative focuses on connectivity and integration of these regions to develop a cohesive economic area through building infrastructure, broadening trade and increasing cultural exchanges.

China Pakistan Economic Corridor

CPEC, in the main, comprises infrastructure projects which are under construction throughout Pakistan connecting Western China to the Indian Ocean (**Figure 1**, CPEC, 2017). Seen as the main plank of the BRI, the value of CPEC projects is estimated to be more than $60 billion. In November 2016, CPEC became partly operational when Chinese cargo of 250 containers was transported from Xinjiang to Gwadar Port and from there to the Middle East and Africa (*Dawn*, 2016a).

CPEC is focused on modernizing the road infrastructure, energy production, and special economic zones (SEZs). Pakistan government has been establishing SEZs to support business-friendly policies and attract investment across a range of industry sectors. At the Federal level, nine SEZs are being planned across the country (SEZ, 2017). An SEZ is an area dedicated to promoting industrial growth through lenient economic and tax policies. Incentives in Pakistan may include the following: lower corporate income tax, tax reductions or exemptions, land-rent reduction and import-duty exemption for eligible projects.

The Planning Commission of Pakistan is in the process of setting up 27 SEZs under CPEC by introducing Gwadar SEZ as a first model spreading over 3000 acres. These SEZs will include eight SEZs in Khyber Pakhtunkhwa, seven in Punjab and Balochistan each, three in Sindh and one each in Gilgit-Baltistan and Islamabad.

The 250-acre SEZ for Gilgit-Baltistan would be located at Moqpondass for mining and food processing. The largest of all of these SEZs will be based in the Punjab's Pind Dadan Khan Industrial City which would be spread over 10,000 acres and would have industrial units for agriculture, textile, food processing, livestock, manufacturing, and energy (*Dawn*, 2016b).

Figure 1: CPEC in Pakistan

Further industrial estates being built in Multan (Phase-II), Bahawalpur, Mianwali, Rahim Yar Khan, Dera Ghazi Khan, and Rawalpindi to support CPEC projects are expected to create 150,000 jobs. Another three SEZs were announced in 2016 which include Quaid-e-Azam Apparel Park at M2 near Sheikhupura Interchange, Industrial City located on M3 near Sahiwal interchange, and a 225 acres Value Addition City near Faisalabad on Expressway (*The New*s, 2016). A turnover of Rs 1 trillion is expected with the creation of 2,000,000 jobs through these SEZs.

These newly built and revamped roads will connect seaports of Gwadar and Karachi in southern Pakistan with cities in central and northern Pakistan, and further north with western China and Central Asia. A 1,100 kilometers long motorway will be built between Karachi and Lahore, as part of CPEC. Moreover, the Karakoram Highway (N-35) between Rawalpindi and China's Xinjiang province will be reconstructed and expanded. The railway network in Pakistan will be upgraded, including the Karachi-Peshawar section, and extended to China's Xinjiang Railway in Kashgar. The estimated $11 billion needed to modernize the road networks will be financed by low-interest loans (Deloitte, n.d.).

Over $33 billion worth of energy infrastructure will be constructed by private consortia to address severe energy shortages in Pakistan. These shortages regularly amount to over 4,500MW (touching 7,000MW in peak season (Kiani, 2017a)), and are estimated to slash 2-2.5% of Pakistan's annual GDP. Based on higher estimate of energy shortfall, Pakistan economy lost PKR1,439bn (7% of GDP) in 2015 (Pakistan Observer, 2017). As a part of CPEC's fast-tracked "Early Harvest" projects (Deloitte, n.d.) over 10,400MW of energy generating capacity is expected to be produced by the end of 2018. In total, CPEC-related energy projects will eventually produce 16,400 megawatts of power. Moreover, a network of pipelines will transport liquefied natural gas and oil, including a $2.5 billion pipeline between Gwadar and Nawabshah, which will further extend westward to import gas from Iran. While fossil fuels will be the main source of electricity production through these projects, hydroelectric, wind-power and solar projects are also being built and installed as a part of CPEC.

Work is also being done to reinforce and expand the communication infrastructure along the Belt and Road. Recently, in May 2016, construction began on an 820 kilometers long Pakistan-China Fiber Optic Project costing $44 million to improve telecommunication in the Gilgit-Baltistan region, while providing Pakistan with a fifth route for telecommunication traffic (*Economic Times*, 2016).

CPEC has been divided into three phases: short-term plan to be completed by 2020, mid-term plan to be completed by 2025 and long-term plan to be completed by 2030. The long-term plan has seven pillars, and it identifies the broader areas for cooperation between China and Pakistan.

CPEC's Seven Pillars

The seven pillars of CPEC's long-term plan are connectivity, energy, industries and industrial parks, agricultural development and poverty alleviation, tourism, cooperation in the areas concerning people's livelihood, and financial cooperation (Yousafzai, 2017b).

The ***connectivity*** pillar includes the construction of an integrated transport system and information network infrastructure. It includes the construction and development of Kashgar-Islamabad, Peshawar-Islamabad-Karachi, Sukkur-Gwadar Port, and Dera Ismail Khan and Quetta road infrastructure. Capacity expansion and modernization of existing railway lines are also part of the integrated transport plan. The project also focuses on the construction of East Bay Expressway and the new international airport. In information network infrastructure, China and Pakistan will boost information connectivity and cooperate through construction and operation of local communication networks and broadcasts, and TV networks.

In the ***energy-related fields***, China and Pakistan are working together in the sectors of oil and gas, electricity and power grids. There will be cooperation in the development of oil and gas resources and oil and gas pipeline projects. Oil refineries and storages at Gwadar and along the CPEC route will also be considered. There will also be a focus on river planning and preparatory work of major projects to promote hydropower development and develop wind and solar energy based on local conditions.

In the area of ***industry development***, China will help Pakistan to promote quality and efficiency of the textile and clothing industry and develop high value-added products. China is also developing the Kashgar Economic and Technological Development Zone and Caohu Industrial Park to facilitate regional trade. In Pakistan, there will be a focus on promoting industrial capacity in sectors such as chemicals, engineering, iron and steel, and construction materials.

In ***agricultural development and poverty alleviation***, there is a focus on the development of agricultural infrastructure, training of agricultural personnel, and technical exchanges. There will be a focus on areas such as biological breeding, production, processing, storage and transportation, disease prevention and control, water resources development, land development and remediation, ICT-enabled agriculture and marketing of agricultural products for the systematic and large-scale development of the agricultural industry. These measures will enable a transition from traditional agriculture to modern agriculture in the regions along CPEC to boost the local agricultural economy and eradicate poverty.

As regards ***tourism***, tourism resources and opportunities in the regions along CPEC, especially the China-Pakistan border areas, will be developed. There will also be a focus on coastal tourism, northern Pakistan tourism, and cross-border tourism. In 2015-16, there was a 25% growth in tourism to Gilgit Baltistan, the northern areas of Pakistan, bordering China. Around one million people visited that area in 2016, a number not witnessed before (*The Express Tribune*, 2016). Accordingly, the hospitality industry too is flourishing.

As regards ***people's livelihood*** and non-governmental exchanges, CPEC will focus on comprehensive service capability of the cities along CPEC. For this purpose, urbanization concepts and experiences from China and other countries will be used for the municipal construction of the node cities along CPEC such as to upgrade the public transport system and water supply and drainage systems.

In ***financial cooperation***, the two countries have established multi-level cooperation mechanisms and policy coordination. There will be a focus on financial reforms, innovation in financial products and services, and reduction in risks to create a conducive financial environment. There will be a focus on formalizing and expanding currency swaps, assignment of foreign currency to domestic banks through credit-based bids to support financing for projects along CPEC. Moreover, a bilateral payment and settlement system will be established to reduce reliance on third-party currency; a bilateral foreign exchange reserve pool will be formed to stabilize the exchange rate. There will be increased cooperation between the central banks and financial regulatory agencies of the two countries and a settlement platform for RMB cross-border trade and investment, and a monitoring and early warning platform for cross-border cash flow. Moreover, the two countries will promote the opening and development of the securities markets and the multi-currency direct financing of Pakistan's central and local governments, enterprises and financial institutions in China. The two countries will strengthen cooperation between the stock exchanges and support enterprises and financial institutions in carrying out direct financing for projects along CPEC in each other's capital markets.

To enable the above, there will be a cross-country focus on training programs for Pakistani government officials and businesspersons. Moreover, outstanding Pakistani students will be selected from regions along CPEC for higher studies in the universities in Xinjiang and other parts of China. Cultural exchanges will be organized to improve cross-cultural understanding.

CPEC's Significance

Significance for China

CPEC's significance for China is reflected by its inclusion in China's 13th five-year development plan (PwC, 2017b). CPEC projects are expected to provide several benefits to China: (a) a shorter and cheaper route by which China can conduct trade with South and West Asia, Middle East, Africa and Europe, (b) development of Western China to bring it at par with developed regions in Eastern and Southern parts of China, (c) utilization of extra human resource from Chinese public and private sector companies, particularly in the engineering and construction industries, and (d) development of stronger economic, cultural and political linkages with countries across the world. For example, the actual sea route from Beijing to the Persian Gulf is about 12,900 kilometers long. In contrast, Gwadar Port in Pakistan is only 2,000 kilometers from China's Kashgar city (Ebrahim, 2015).

From a macro BRI perspective, trade between China and Belt & Road countries has exceeded $916 billion in 2016, which is 25.9% of China's total foreign trade volume. Chinese companies have since established over 70 overseas economic and trade cooperation zones. Moreover, China has also been able to expand circulation of the Renminbi (RMB) and internationalization of its currencies. It has conducted RMB bilateral swap agreements with nations that stretch new Silk Routes (PwC, 2017b).

The BRI will also enable China to utilize its surplus industrial output. According to an estimate, 580mn tons of cement is needed yearly for infrastructure projects in Asia alone, which is a quarter of China's output. Similarly, construction of railways, pipelines, and other projects along the B&R trade route may create demand for 272mn tons of steel.

According to official figures, China's direct investment into B&R countries totaled $14.5bn in 2016; total overseas newly signed contracted projects in B&R countries reached $126bn, making up about half (51.6%) of China's total overseas contracted project value in 2016 (PwC, 2017b).

In 2017, Forbes noted that CPEC would shape the next era of globalization and greatly boost Chinese exports and international business (Mourdoukoutas, 2017). According to Hua Chunying, Chinese Foreign Ministry Spokesperson, the corridor will "serve as a driver for connectivity between South Asia and East Asia." The Corridor is expected to play a crucial role in the regional integration of the 'Greater South Asia', including China, Iran, Afghanistan, and stretching all the way to Myanmar (Tiezzi, 2014).

Significance for Pakistan

The benefits that Pakistan is likely to gain from CPEC include the upgradation of the road and deep-water port infrastructure, an enhanced capacity for energy production, and a boost in manufacturing activity due to the SEZs. Also, the initiative provides an opportunity to position Pakistan as a major transit point connecting the Eurasian region with South Asia and South-East Asia, which is much needed for the country's economic growth (Javaid & Javaid, 2016). In 2017, Pakistan Credit Rating Agency (PACRA) suggested that the establishment of energy projects under CPEC would help overcome shortage and play a positive role in achieving the required economic growth of 7% in the next two to three years (Siddiqui, 2017a).

CPEC is the largest financial investment in Pakistan since the country’s independence in 1947. In April 2016, Zhang Baozhong, chairman of China Overseas Ports Holding Company (COPH) illustrated that his company planned to spend an additional $4.5 billion on roads, power, hotels and other infrastructure (Johnson, 2016), which would be one of the largest ever foreign direct investments into Pakistan.

Currently, Pakistan is facing energy shortfalls on a regular basis. These shortages are a major interference to production and foreign investment. For example, Pakistan's textile industry has been adversely affected by the long power cuts, with almost 20% of textile factories in the city of Faisalabad shut down due to lack of electricity. CPEC's "Early Harvest" projects are expected to resolve shortages in power generation by 2018, increasing Pakistan's power generation capacity by over 10,000 megawatts. With an improvement in energy supplies, the Pakistani government expects economic growth rates to improve. **Table 1** offers an overview of such early harvest projects in Pakistan (Khetran & Saeed, 2017).

Table 1: An Overview of CPEC Energy Projects

Projects	Location	MW	Estd. Cost (US$ M)
Gawadar Coal Power Project	Gwadar	300	360
HUBCO coal power plant 1 × 660 MW	Hub Balochistan	1320	1940
Gaddani Power Park Project, Gaddani	Balochistan		
(i) 2 × 660 MW		1320	3960
(ii) Jetty + Infrastructure			1200
Total Energy Projects		2940	7460

Furthermore, once fully built, the Corridor is expected to generate significant revenue from transit fees levied on Chinese and other foreign goods—to the tune of several billion dollars per annum. According to an estimate, CPEC-related transportation would earn $400–500 million per annum for Pakistan and may improve Pakistani exports by 4.5% annually till the fiscal year 2025.

CPEC is expected to renovate Pakistan’s economy by modernizing its road, rail, air, and energy transportation systems, and connect Pakistani ports of Gwadar and Karachi with China’s Xinjiang province (Ahmed, 2017). This would help reduce the cost and time of transporting goods and services between the two countries (Sawas & Anwar, 2017) and beyond. Consequently, Pakistan’s GDP is expected to grow more than 5% by 2020. PricewaterhouseCoopers predicts that Pakistan’s GDP will reach $4.2 trillion by 2050 from the current $988 billion (PwC, 2017). Part of this growth may be attributed to CPEC.

According to a study by the Asian Development Bank (ADB), "CPEC will connect economic agents along a defined geography. It will provide connections between economic nodes or hubs, centered on urban landscapes, in which large amounts of economic resources and actors are concentrated. They link the supply and demand sides of markets" (Brunner, 2013). The initiative is likely to enhance private investment because of a positive environment, economic opportunities and improved infrastructure which may lead to stabilizing the economy of Pakistan (Irshad *et al.,* 2016). For example, in November 2016, Hyatt Hotels Corporation announced its intention to open four properties in Pakistan, in partnership with Bahria Town Group, citing CPEC as one of the key reasons behind the $600 million investment.

Employment and development opportunities associated with CPEC projects are also expected to help social and political issues. According to China's Prime Minister, Li Keqiang, Pakistan's development through the project might "wean the populace from fundamentalism."

Financial Aspects of CPEC

While much of the financing for CPEC is being provided by the Chinese government and state-owned banks, there is also significant investment by private consortia. Moody's Investors Service has described CPEC projects as "credit positive" for Pakistan. In June 2017, Morgan Stanley Capital International upgraded the status of Pakistan Stock Exchange (PSX) from 'frontier market' to 'emerging market' status (MSCI, 2017). This section provides an overview of different types of loans and other forms of financial assistance being provided to build various CPEC projects.

Concessionary Loans

Approximately $11 billion worth of infrastructure projects being developed by the Pakistani government will be financed by concessionary loans, with composite interest rates of 1.6%. Concessionary loans will be dispersed by the Exim Bank of China, China Development Bank, and the Industrial and Commercial Bank of China. Previously, loans for Pakistani infrastructure projects financed by the World Bank carried a much higher interest rate of 5% to 8.5%, while interest rates on market loans were as high as 12%.

The Karachi–Lahore Motorway (costing more than $6.6 billion) is currently under expansion and construction. For its $2.9 billion section that will connect Multan with Sukkur over a distance of 392 kilometers, 90% of the costs will be financed by the Chinese government at concessionary interest rates (2%), while the Pakistani government will finance the remaining 10%.

The China Development Bank will finance $920 million towards the reconstruction cost of 487 kilometers of the Karakoram Highway between Burhan and Raikot. An additional $1.26 billion will be provided at concessionary rates by the China Exim Bank for the construction of the Havelian to Thakot portion of this highway.

There is similar low-interest financing for other projects. Concessionary loans through China's state-owned banks will finance approximately $7 billion of the planned $8.2 billion overhaul of the Main Line 1 Railway (Rana, 2016). However, the 27.1 kilometers long, $1.6 billion Orange Line of the Lahore Metro is regarded as a commercial project and is financed ($1.3 billion) by the Government of China at an interest rate of 2.4%. The $44 million Pakistan-China Fiber Optic Project will be completed using concessionary loans at an interest rate of 2%.

Interest-free Loans

China is currently financing several projects in Gwadar costing $757 million at 0% interest loans. The projects include the construction of a $140 million East Bay Expressway, the installation of $130 million breakwaters, a $360 million coal power plant, a $27 million project to dredge berths in Gwadar harbor and a $100 million 300-bed hospital.

In September 2015, the Chinese government announced that it would provide a $230 million grant to build an international airport in Gwadar, which Pakistan's government will not be required to repay.

Private Consortia

Joint Chinese-Pakistani firms will construct energy projects worth $15.5 billion. The Exim Bank of China will provide investments at 5-6% interest rates, while the Pakistani government will be contractually obliged to purchase electricity from those firms at pre-negotiated rates. For example, the construction of 1,223MW Balloki Power Plant will be initiated by a consortium of Harbin Electric of China and Habib Rafiq Limited of Pakistan (Kiani, 2015). Chinese state-owned banks will offer loans to the consortium, subsidized by the Chinese government, at an interest rate of 5% while the Pakistani government will buy electricity at 7.973 cents per unit.

ADB and Other Assistance

The E-35 expressway, a 180 kilometers long road linking Islamabad-Peshawar Motorway (M1) in the Punjab province with the Hazara division in Khyber Pakhtunkhwa province, will be financed by the Asian Development Bank (ADB).

The N70 National Highway upgrade project, which will connect CPEC's Western Alignment in the Balochistan province to the Karachi-Lahore Motorway at Multan, will be financed as part of a $195 million package by the ADB. The ADB will also finance the upgrade of the 531 kilometers long N50 National Highway connecting Dera Ismail Khan in Khyber Pakhtunkhwa province with the Western Alignment in Balochistan. In January 2016, the UK's Department for International Development announced a $72.4 million grant to Pakistan for improving the road infrastructure in Balochistan, thereby reducing the total ADB loan from $195 million to $122.6 million.

The Faisalabad-Multan Road (M-4 Motorway) will be partially financed ($100 million) by the Asian Infrastructure Investment Bank (AIIB), and co-financed with the ADB for $275 million. AIIB has also provided a $300 million loan for a hydropower project in Pakistan (Hsu, 2017). Also, the UK government will provide $90.7 million for the Gojra-Shorkot section of the M4 Motorway project.

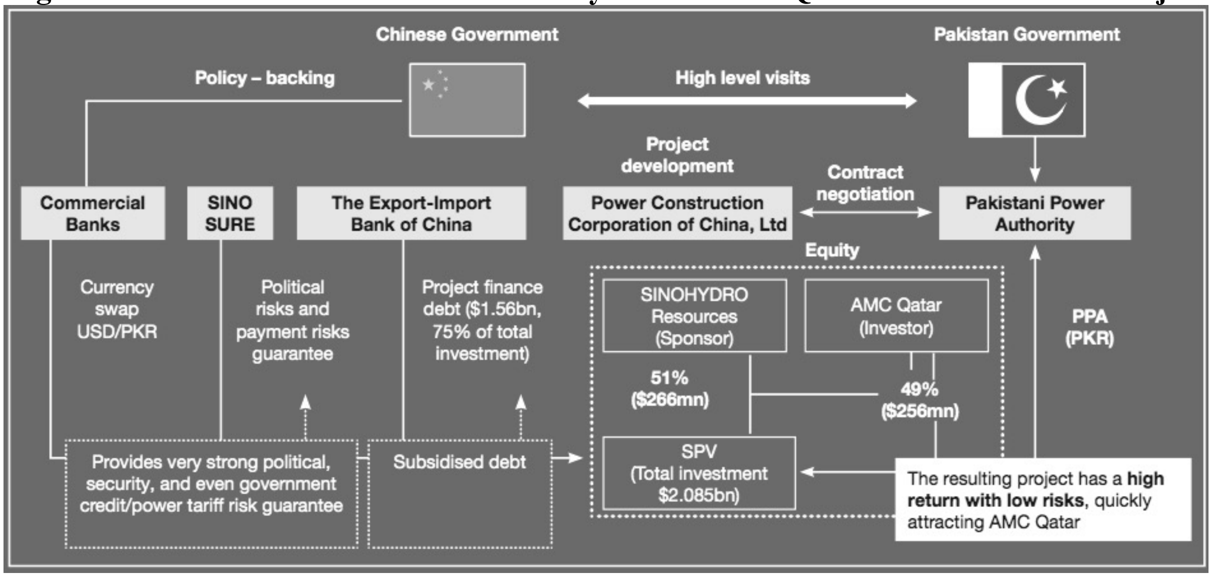
In addition to the financial assistance discussed above, there are further areas in which Chinese investment in Pakistani is evident. For example, in December 2016 a consortium of mostly Chinese companies bought a 40% stake in the Pakistan Stock Exchange (PSX). The consortium comprises Chinese Financial Futures Exchange Company Limited, Shanghai Stock Exchange, Shenzhen Stock Exchange, Pak-China Investment Company and Habib Bank Limited (Siddiqui, 2017b).

Examples of Success and Challenges

The Belt and Road Initiative including CPEC provides an opportunity to international investors to partner with Chinese companies by providing capital and investments. These projects are usually backed by the Chinese state and therefore there is an improved risk-return ratio in many situations. Furthermore, given that Pakistan and other host governments have received significant financing from China and multilateral banks, these governments will take more care to minimize disruptions. While not all B&R projects may offer sound investments, since some of these projects are deemed strategically important even if they may not be profitable, there are others which may offer a lucrative opportunity for investment. China and host countries usually welcome investment support to bridge the funding gaps on some infrastructure projects.

For example, Qatar's Al-Mirqab Capital partnered with China's state-owned enterprise, Sinohydro Resources, with a 49% share in the construction of a thermal power plant in Port Qasim, Pakistan under CPEC owing to the attractive returns. As a result of this partnership, Al-Mirqab Capital significantly mitigated its risks because of SINOSURE's backing to cover a wide scope of risks. As a result, the 'multilateral public-private partnership (PPP)' project built on a Build-Own-Operate (BOO) basis offered attractive returns with significantly mitigated risks, thereby attracting further investments from Qatar's Al-Mirqab Capital (**see Figure 2**) (PwC, 2017b).

Figure 2: Multilateral PPP Model of Sinohydro Pakistan Qasim Thermal Power Project



While the above example is a story of success, there are also examples of challenges and gaps. For example, in terms of commercial viability assessment, the following BRI experience in Sri Lanka illustrates that insufficient market demand is contributing to a loss of $18 million a year at the Mattala Rajapaksa International Airport in Sri Lanka. Mattala Rajapaksa International Airport opened in 2013 at a cost of $209 million, of which more than 90% came through a loan from China. The airport was designed to cater to a million passengers a year to ease Sri Lanka's air traffic congestion. However, it is located in Hambantota, a developing city in the south of Sri Lanka, without the commercial activities or large resident population to support the need for an international airport. Furthermore, usage of the airport was restricted by the need to develop the supporting infrastructure ecosystem of highways and commercial real estate, at a time when the government and president were thoroughly reviewing all infrastructure projects that had been approved by the previous government.

In 2014, only 69 tons of freight and 21,000 passengers per year passed through this airport which is very less when compared with 200,000 tons of freight and 8,000,000 passengers per year that passed through Bandaranaike International Airport in Colombo. Consequently, instead of strengthening and reigniting the Sri Lankan economy, the Mattala airport added to a massive debt of over $8 billion to China and contributed to an IMF bailout. Sri Lankan Airlines subsequently shut down its operations in January 2015, citing that 'Mattala Rajapaksa International is not needed and is a distraction in Sri Lanka's efforts to turn itself around.' In October 2016, China agreed to run the debt-riddled, revenue-draining Mattala Rajapaksa International Airport, in an attempt to turn it around (PwC, 2017b).

Concerns

Security Concerns

A key issue that Pakistan continues to face is security, especially in certain areas of the Khyber Pakhtunkhwa province and Balochistan province, where Baloch nationalist militants (such as the Balochistan Liberation Army) as well as takfiri (exclusivist) Islamist militants (such as the Taliban, Lashkar-e-Jhangvi and other militant outfits with overlapping membership, mostly representing an extremist section within the Deobandi offshoot of Sunni Islam) target security forces, government officials, ethnic/religious minority groups, power pylons and gas pipelines causing significant human and economic damage (Shah, 2016a; Syed *et al*., 2016). In some instances, Chinese engineers and workers have become victims of such attacks.

Pakistan faces Taliban insurgent violence which largely began in 2008. The outlawed takfiri militant groups such as the Tehrik-i-Taliban Pakistan (TTP) and Lashkar-e-Jhangvi (LeJ) and more recently the Islamic State (IS) are known for their involvement in attacks on Chinese nationals, and Chinese commentators have raised concerns about the safety of Chinese engineers and construction workers. China reportedly has expressed concern that Uyghur Islamist militants in Xinjiang are in collaboration with the Taliban, Jaish-e-Muhammad and other militants in Pakistan. A related concern is that Chinese workers could become increasingly vulnerable to Taliban militants and Baloch insurgents. In recent years, there have been several attacks and kidnappings of Chinese workers in Pakistan (Arifeen, 2017).

The government of Pakistan is currently making efforts to ensure that security measures are in place in areas where CPEC projects are being built. In 2014, the Pakistan army launched Operation Zarb-e-Azb (and the subsequent Operation Radd-ul-Fasad) to eradicate Taliban and affiliated takfiri militants from Pakistani territory. The Pakistan Army has established a Special Security Division (SSD) to safeguard personnel and properties related to CPEC (Khan, 2016).

Pakistan Navy and Chinese Navy ships will jointly guard the maritime corridor. Since December 2016, the Pakistan Navy has established a special task force "TF-88" to ensure maritime security for trade. China plans to provide four ships to the Maritime Security Agency for this purpose.

While Pakistan Army will deploy 12,000 troops to safeguard the CPEC route, police officers will also be deployed. As of August 2015, 8,000 Pakistani security officials were deployed for the protection of over 8,100 Chinese workers in Pakistan (Gishkori, 2015). Currently, to protect Chinese and Pakistani individuals and companies that are working on CPEC, a special force comprising 15,000 individuals is deployed. Following the launch of the military operations, violence in Pakistan has significantly declined.

It may be noted that the public will share the burden of this additional security borne by the Pakistani government. In August 2017, the National Electric Power Regulatory Authority (NEPRA), the power sector regulator in Pakistan, allowed power producers to charge (consumers through tariff) one per cent of capital cost of 19 power projects worth \$15.56 billion under CPEC for 20-30 years on account of security cost. NEPRA worked out the annual cost at about \$2.92 million (Rs315 million). In its order, NEPRA referred to Article 10 of the CPEC Agreement which provides that "the Pakistani party shall take the necessary measures to ensure the safety of Chinese personnel and projects" and noted that the country had established a special security force/division of the armed forces to ensure security of CPEC projects (Kiani, 2017b).

Concerns have been voiced by the Chinese about the security, speed of completion and costs of BRI related projects. In August 2013, Lin Dajian, of the Department of International Cooperation in the National Development and Reform Commission, highlighted the security issues and other challenges that could impede the progress of the project (SOP, 2013). In 2016, a nationalist Chinese paper, the Global Times, remarked that the increasing cost of security may be a big problem in efficiently pushing forward the projects (Weijia, 2016).

Chinese media notes that much of the security risks over the BRI are concentrated in CPEC, with Beijing aware of the threats Chinese workers face in Pakistan (*China Daily*, 2016). Chinese requirements for security call for a more complex set of solutions, requiring a set of integrated services in which armed personnel are just one of the many components. For example, there is an associated cost related to security and insurance. Chinese insurance sector is beginning to realise the importance of this business niche. Traditional security, counter terrorism, as well as kidnapping for ransom are going to be important considerations for Chinese businesses operating in Pakistan. Special insurance is a lesser-known niche market, but due to the expansion of Chinese FDI, it may prove to be a thriving sector. Leading Chinese insurance companies such as Ping An and China Taiping are already exploring these opportunities in consultation with British insurance experts (Arduino, 2017).

There is also an issue of criticism and suspicion by India and the USA about CPEC and the increasing cooperation between Pakistan and China. While India alleges Pakistan of cross-border militancy in Kashmir, Pakistan alleges that Indian agencies are responsible for violence in Balochistan and intend to disrupt CPEC. There are also questions about the takfiri and sectarian ideologies and fatwas emanating from the Darul Uloom Deoband, the large madrassa based in India where the Deobandi Islamist movement began.

Political Concerns

Within Pakistan, CPEC faces some political challenges in the context of competing claims and demands by different provinces, with allegations that the federal government is ignoring the Western Alignment (route) through Balochistan and Khyber Pakhtunkhwa. While the Pakistan government claims impartiality, budgetary allocations suggest that the government is, at least initially, focusing more on the Eastern Alignment (Ramay, 2016). According to Zhaoli (2013), "security concerns are critical which helps to determine the path of this corridor," implying that security concerns, rather than political bias, may be responsible for any route changes within Pakistan. The Chinese government in 2015 issued a statement urging Pakistan’s political parties to resolve their differences over the project.

The dominant role of Pakistan Army in CPEC is a subject of political debate within Pakistan (Pantucci & Lain, 2016). Victor Gao, a former Chinese Ministry of Foreign Affairs official, notes that ‘on the Pakistan side there is uncertainty about which entity wants to take leadership or ownership of the corridor projects...there is a big debate internally over whether the government should take ownership or the military should take ownership’ (Bokhari, 2016).

Moreover, within Pakistan and internationally, there are also concern about rampant corruption in Pakistan. In particular, the way in which the civilian government handles the CPEC project, especially in light of the accusations of corruption in Pakistan government (led by now-disqualified Prime Minister Nawaz Sharif and his younger broth Shahbaz Sharif, the Chief Minister of Punjab) raises questions about timely and efficient delivery of CPEC projects. This then strengthens public perception and military’s ability to intervene in politics, not only regarding internal and external security matters but also regarding social and economic progress in general and the implementation of CPEC in particular (Wolf, 2016). Thus, to carry out the essential tasks related to the economic corridor, the military resorts to their traditional ‘help-yourself’ attitude. In a similar fashion, it has created a foreign policy independent and separate from the rest of the government. The military’s sovereignty is evident in large enterprises like the semi-military Frontier Works Organization (a key contractor for CPEC) or the increasingly independent diplomacy with China and engagement in the CPEC projects (Wolf, 2016).

There are also concerns about the rights and participation of indigenous Baloch people in Gwadar and other parts of Balochistan. In May 2016, Pakistan's Minister of Planning, National Reforms and Development, Ahsan Iqbal, assured the people of Balochistan that Gwadar residents, including fishermen, would be regarded as "main stakeholders" in the city's master plan (Syed, 2016). Moreover, the developer of the Gwadar Port announced that it would assist the fishermen to help boost the region's seafood industry by developing and offering programs to improve the quality of local seafood. To address this issue, government officials and private organizations may focus on greater engagement with local communities and organizations to understand and accommodate local sensitivities and interests so that all people could benefit from CPEC projects. This may also help China and Pakistan in improving their people to people and cultural ties.

Financial Concerns

Some aspects of CPEC's finances seem to be shrouded in secrecy. There are questions about the transparency of the process through which contracts are being awarded to construction, energy and other projects. There also seems to be a lack of independent financial and performance evaluation by a third party. The Private Power and Infrastructure Board has been accused of misdeeds in the approval process for coal power plants and tariffs. Pakistan is contractually obliged to purchase electricity from those plants. There are questions about potential irregularities on the tariff approved for the 300MW coal power plant to be built in Pind Dadan Khan by China Machinery Engineering Corporation (Khan, 2015).

Inconsistency in regulatory regimes in China and Pakistan may affect CPEC projects, and some of these projects may be involved in monopolizing or operate assets of national security interest (e.g., oil refinery and storage tanks, power plants) which may require close regulations to avoid abuse of power or compromise of national interest. The investor returns may also be closely tied to public subsidies for projects such as public transportation, therefore, posing a direct impact on the firm's ability to make revenue and service the loans (PwC, 2017b).

Much of the development of infrastructure, especially the corridor roads, has been assigned to the Frontier Works Organization (FWO), a military engineering company (Ashraf, 2017). However, some of these contracts are not being awarded through an open and transparent process. The process of selection of eligible firms and grant of contracts may be made more robust and transparent.

There are also concerns about trade imbalance which is dominantly in China's favor. Chinese exports through the Karakoram Highway have entered the Pakistani domestic market, and are usually cheaper due to the relatively higher cost of production in Pakistan. There are also concerns that CPEC may replace Pakistani exports by China's in external markets.

There are questions about Pakistan's increasing burden of external debt and the country's ability to pay back. In March 2017, a report estimated that Pakistan might end up paying $90 billion to China over a span of 30 years with annual average repayments of $3-4 billion per year post fiscal year 2020 (Siddiqui, 2017c).

CPEC is a debt-financed infrastructure development project. China's lending plans place greater ownership of the financial risk on the recipient of the investment. The host country's ability to repay could also potentially lead to a network of interdependence guided by the exchange of resources and asset ownership. Some African countries are already approaching China to reschedule, freeze debt repayments or to pay back with resources for previous infrastructure projects (PwC, 2017b).

Human Resource Development

Given the enormous scale of employment opportunities likely to be created by CPEC and other BRI projects, there is a dire need to pay attention to human resources in China, Pakistan and other countries to develop and train technically and culturally competent managers and leaders.

In Pakistan, CPEC's projects are estimated to result in the creation of tens of thousands of jobs from 2015 to 2030 and may add between 2 to 2.5 percentage points to the country's annual economic growth (Shah, 2016b). According to an estimate by the International Labour Organization (ILO), CPEC will create around 400,000 jobs (APP, 2017). The Applied Economics Research Centre (AERC) estimates that CPEC could create over 700,000 direct jobs between 2015 and 2030. This may increase annual economic growth by 2.5% (APP, 2016). Yousafzai (2017a) suggests that by June 2017, CPEC had created 30,000 jobs for Pakistani workers and engineers (including 16,000 working in the energy sector). A further 8,000 jobs were being carried out by Chinese nationals. Work on transport infrastructure had created around 13,000 jobs by June 2017 (PCN, 2017a). There is thus an opporutnity for tremendous and collaborative efforts to develop human resources, both in Pakistan and China, to develop leaders, entrepreneurs, managers, and workers for CPEC projects. In particular, it is essential to develop the young population, to train them on new technical systems, management techniques, and cross-cultural skills (Butt, 2017).

The governments of China and Pakistan are making efforts to address this challenge through various agreements and interventions. In 2014, China and Pakistan signed an Economic and Technical Cooperation Agreement, as well as pledged to build "China-Pakistan Joint Cotton Bio-Tech Laboratory" and "China-Pakistan Joint Marine Research Centre" (Haider, 2015). The countries have also agreed to cooperate in the field of space research. A total of 46 agreements were formalized in April 2015 (**Appendix 'A'**).

In February 2016, the two countries agreed to establish the "Pak-China Science, Technology, Commerce and Logistic Park" near Islamabad estimated at \$1.5 billion. The park will comprise 500 hectares, which will be provided by Pakistan to China's Xinjiang Production and Construction Corps, with investments from China over the course of ten years.

To promote the availability of skilled workers in the country, the National Vocational and Technical Training Commission (NAVTTC) is providing training in 38 CPEC-specific trades in 197 institutes across Pakistan (PCN, 2017b).

The Pakistan government intends to establish a training institute named Pak-China Technical and Vocational Institute at Gwadar, costing Rs943 million, to train residents to operate machinery at the port.

Presently, there is a lack of cross-cultural understanding of business environment, laws, culture and language in business leaders and managers of these countries. To address this gap, business schools along the Belt and Road will need to play a pivotal role to design and deliver academic programs and management training. This issue is dealt in detail in the next section.

Prospects of Cooperation among Business Schools

The concentration of infrastructure activities around Shanghai and Beijing led to the establishment of top academic institutions in these areas. Similarly, it may be worthwhile to develop an international management education platform and mechanism for cooperation along the Belt and Road. Below, we provide a few examples of recent efforts for cooperation among business schools.

In May 2015, a University Alliance of the Silk Road (UASR) was founded at Xi'an Jiaotong University, China with an aim to foster openness and promote international cooperation and exchanges in higher education, training, research (in the areas of business, law, engineering, informational technology, medicine etc.), policy and cross-cultural understanding (XJU, 2016).

In August 2017, top business schools in China (8) and Pakistan (9) launched the CPEC Consortium supported by the Higher Education Commission (HEC) of Pakistan. This partnership aims to increase academic collaboration to support the economy and management systems of China and Pakistan (HEC, 2017). The consortium seeks to bring business school leaders on one single platform for collaborative research, and educational and management development programs to support CPEC. The universities and institutes that are part of the consortium are as follows:

China: Fudan University, Hong Kong Polytechnic University, Nanjing University, Peking University, Shanghai Jiao Tong University, Tsinghua University, University of Science and Technology of China, and Zhejiang University.

Pakistan: Balochistan University of Information Technology, Engineering and Management Sciences (BUITEMS), COMSATS Institute of Information Technology, Institute of Information Technology, Institute of Business Administration (IBA), Institute of Business Management Sciences (IMS), Lahore University of Management Sciences (LUMS), National University of Sciences and Technology (NUST), Pakistan Institute of Development Economics (PIDE), and University of the Punjab.

According to the consortium's declaration, these business schools will work together to aid their respective government and chamber of commerce in the development and operation of CPEC and its key components. Also, they will work on joint research and training projects to promote business-to-business relations between Pakistan and China. Such linkages will help to build international academic and professional relationships and lead to an exchange of knowledge.

In order to understand China's business practices as well as their cultural norms, ethics and laws, there is a need to upgrade university libraries, and the ability to translate Chinese publications to make them accessible to Pakistani students, research scholars, government officials and businesspersons (Javaid & Javaid, 2016). Similar measures are being considered within business schools in China to promote an understanding of Pakistani business environment and wider society. A functional understanding of Chinese and Urdu languages, in addition to English, may help academic programs and executive trainings at business schools in both countries. Moreover, regular meetings, research and case seminars, and conferences may be organized to gain a better understanding of Chinese and Pakistani economies, laws, cultures, issues of relocation and joint ventures, and the alignment of such interventions with university programs (Javaid & Javaid, 2016). Faculty and student exchanges, as well as platforms for cross-cultural interactions of businesspersons from both countries, may be extremely useful.

According to You Yi, Cultural Counsellor of China in Pakistan, "Educational exchange programs between China and Pakistan have a vital role in bilateral relations" (The Nation, 2017, p.1). By mutual cooperation and support, academics and students may contribute to the educational systems and economies of both countries.

Recently 145 Pakistani students have been awarded scholarships to study in China (The Nation, 2017). The purpose is to provide them with training and support on new technological systems and knowledge areas. Some of these students are expected to research and analyze the impact of China's investments related to CPEC projects in fields as diverse as energy, road infrastructure, and industrial cooperation (The Express Tribune, 2017). Pakistani students have shown increasing interest in learning the Chinese language while some of them wish to pursue further studies in China (Bacha, 2017).

Example: China Pakistan Management Initiative (CPMI)

Business schools in Pakistan are currently working on improving Chinese business and culture related skills of their faculty members. In some of these schools such as the Suleman Dawood School of Business (SDSB), based at Lahore University of Management Sciences (LUMS), there is an explicit commitment to developing human resources and management for the Belt and Road including CPEC.

According to 2017 QS World University Rankings (by subject), the SDSB is the top business school in Pakistan. It is amongst top 7 schools in South Asia and top 251-300 band across the world. The School has the highest accreditation ranking by Pakistan's Higher Education Commission and is also currently in the process of AACSB accreditation. The School offers a full suite of academic programs including BSc degree (four years) with two majors (Accounting and Finance, and Management Science). It also offers a case-method based full-time MBA (two years) and weekend Executive MBA. Moreover, the School offers PhD in finance, operations management, and human resource management.

The School prides in active engagement with the industry with a focus on topics of current interest and management implications. A collection of more than 700 cases have been written by the SDSB's faculty members, a selection of which is also available at Harvard Business Publishing Website. The School also has a thriving executive development center which is currently designing specialized programs with a focus on CPEC. Moreover, the School has recently announced international scholarships for MBA students to encourage Chinese and other international students to study at LUMS.

In 2016, the School set up a specialized center, namely the China Pakistan Management Initiative (CPMI), with an emphasis on high-quality peer-reviewed research articles, concept notes, technical and policy papers, case studies and executive training to support CPEC. CPMI is working with organizations in China and Pakistan, including academic institutions, businesses, government departments and non-governmental organizations, to support CPEC and other aspects of the BRI. This will ultimately link a well-trained youth to the new economic era of regional trade, cooperation, and connectivity. CPMI's aims are listed in **Table 2**.

Table 2: Aims of China Pakistan Management Initiative

CPMI's Aims
1. To capitalize on the potential for management development, research, teaching, and consultancy in the wake of the China Pakistan Economic Corridor (CPEC) 2. To create a Knowledge Corridor to serve the needs of and steer the direction of the Economic Corridor 3. To promote joint research, case studies, concept papers, technical papers and policy briefs on business and management in China and Pakistan 4. To apply for research funding and jointly recruit research scholars and PhD students 5. To develop joint academic and training programs with Chinese partners: a. To design and deliver management development programs for managers and policy makers in China and Pakistan b. To develop and impart academic courses and training programs on Chinese language, culture, Confucian and Buddhist values, laws, business norms and management techniques in Pakistan

   c. To impart similar training on Pakistani culture, Islamic values, Urdu language, laws, business norms and management techniques to Chinese professionals in Pakistan and China
6. To document and critically review policies and activities of CPEC and examine their implications for Pakistan and China
7. To study, assess, forecast and support logistics, supply chain, energy, security, infrastructure and human resources needed for CPEC (LUMS, 2017)

Possible Areas of Cooperation

To maximize the benefits of youth employment related to CPEC, business schools in China and Pakistan may prepare students and businesspersons towards gaining technical skills as well as building managerial and soft skills. These students and business trainees will also be expected to understand the social impact of the economy and socioeconomic dynamics of China and Pakistan (Butt, 2017).

Key themes for cooperation may focus on the seven key pillars of CPEC's long-term plan including connectivity, Gwadar Port, SEZs, tourism, agriculture, poverty alleviation and urban development. Business schools will need to think about cooperation in the shape of applied research and development, thematic research, policy think-tanks, governance, cross-cultural training and socio-economic growth.

Ying (2017) suggests that in order to develop inter-school partnership, three factors may be considered: (1) commercial viability, i.e., go/no-go decision with due market analysis, and selection of the champions from various fields, (2) maturity of infrastructure ecosystem, i.e., identification of strong partnerships across the Belt and Road countries, and locating adequate centers of excellence which are logistically viable, and (3) portfolio fit, i.e., providing vision to expand more than just a project, and a focus on complementary roles instead of substitution. In other words, it is important to focus on not only existing champions but also forging partnerships that could result in centers of excellence with support of adequate infrastructure and portfolio
More specifically, we may consider cooperation in the following areas:

Operations Management and Supply Chain Management

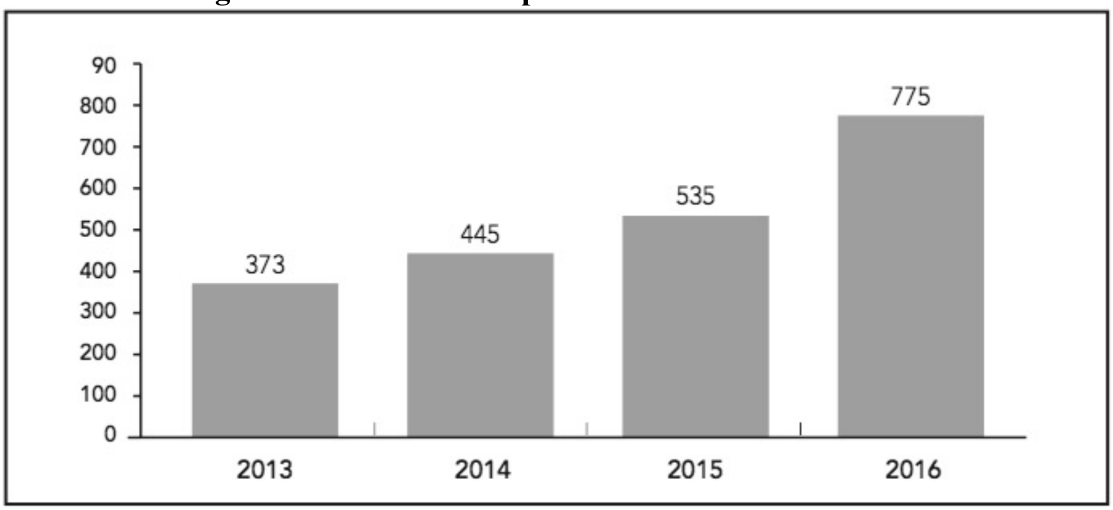
Pakistani business schools may be interested in learning from Chinese schools specializing in maritime and logistics studies. Very few schools in Pakistan work in these areas, while China has many schools specializing in various aspects of maritime and overland logistics. Pakistan's economy, geography, political (in)stability and security concerns pose unique challenges in devising optimal solutions to the country's logistics and transportation issues. These could be fruitful areas of research and case studies for academics in both China and Pakistan. For example, potential partners may include Tongji University in China, Suleman Dawood School of Business (SDSB, based in LUMS) and National University of Science and Technology in Pakistan and National University of Singapore.

Human Resource Management

Chinese schools can collaborate with Pakistani counterparts for gaining insights into the cultural and behavioral aspects of the Pakistani workforce. Such insights can be useful for Chinese companies and enterprises willing to invest in Pakistan. Similarly, Pakistani schools can learn about Chinese business culture, norms and ethics to inform Pakistani businesses and current and future employees of Chinese companies. Such learning can also help Pakistani companies to implement policies related to human resources which may be relatively more effective and efficient compared to lessons learned from western-centric studies. For example, schools in Pakistan may seek to benefit from Shanghai University's SILC business school's international and cross-cultural expertise. Similarly, the Social Enterprise Development Centre at SDSB-LUMS (Pakistan) may offer expertise in cultural, religious and gender issues of the workforce in Pakistan. In the niche area of tourism and event management, Shanghai Jiao Tong University may be a great resource.

According to ACCA (2017), based on data from the Securities and Exchange Commission of Pakistan (SECP), there is a noteworthy growth in the registration of Chinese companies in Pakistan. The number of companies with Chinese directors showed a steady increase from 373 companies on 30 June 2013 to 775 (out of a total of 80,428 companies) registered in the country on 30 June 2016 (see **Figure 3**). This indicates the need for better cross-cultural understanding to develop and manage human capital in both countries.

Figure 3: Pakistani Companies with Chinese Directors



Based on a survey of survey of finance and business professionals in Pakistan, ACCA (2017) notes that around 86% of the 500 respondents agreed that they should attend short courses on Chinese language, culture, and business practices (ACCA, 2017).

ACCA's (2017) study further reports, based on responses by Chinese executives, that while responding to the question 'What do you think are the key skills needed by Pakistani executives to be prepared for the future requirements related to CPEC?', the executives from the Chinese companies listed the following: international vision, good understanding of Chinese culture, knowledge of Mandarin, familiarity with Chinese ways of conducting business, communication skills, familiarity with company and tax laws and rebates and concessions allowed under CPEC in Pakistan, and full awareness of relevant business policies of Pakistan government.

Finance

The centrally planned economy of China has resulted in the evolution of a unique financial system in the country. Coordination among academics in the area of finance in the two countries can support negotiators on both sides of the border in designing financing options suitable for proposed projects. Such cooperation would also help investors and potential investors in analyzing the financial strength and expected future performance of companies in the two countries, especially in business-to-business transactions. The growth of Islamic financial products in

Pakistan can be an interesting segment of financial system for Chinese academics to study and perhaps help the Chinese government gain from such opportunities. For example, in commercial marketing and finance, The Chinese University of Hong Kong and Centres for Islamic Finance based in the Institute of Business Administration Karachi and the Suleman Dawood School of Business may be worthy of consideration.

Public Policy

"Socialism with Chinese characteristics" has been a lynchpin for informing Chinese government's long- and short-term policies. Cooperation between business schools in Pakistan and China can not only help Pakistani academics in developing policy-relevant scholarship but also assist in aligning policies of the two governments for smoother implementation of CPEC related projects. In this regard, public policy and governance centers based in the Pakistan Institute of Development Economics and LUMS may be worth considering. At the policy level in Pakistan, government departments and business schools may focus on possible interventions to facilitate 'doing business' in the country. Pakistan is ranked quite low (144th) in terms of 'ease of doing business' (World Bank, 2017b). For example, it takes 215 days to obtain an electricity connection and involves five procedures in Karachi as compared with the South Asian average of 136 days and 5.7 procedures (ACCA, 2017).

Marketing

The Chinese government has pursued a policy of projecting a 'benevolent' image of the country especially in poorer regions of Africa and East Asia. China is, in a way, pursuing a policy of exporting the 'socialist culture' to the rest of the world. At the same time, Chinese firms are introducing their own standards and norms of work practices. This provides an opportunity for interested scholars in Pakistan to analyze Chinese economic and ideological policies and would also aid Chinese academics in analyzing the implementation of marketing and branding policies by the Chinese government in Pakistan in comparison to their experiences in other countries. Business schools in Shanghai Jiao Tong University and IBA Karachi may be a great resource in this regard.

Strategy

Given the unique nature of the Chinese economic structure and Pakistani dynamics, developing organizational strategies consistent with economic, cultural and behavioral aspects for firms operating in both countries can be an interesting area to explore. Cooperation among business schools can exploit the divergence in economic and cultural paradigms of both counties and develop the capacity to extend help and training to businesses in the development and implementation of long-term strategies. Peking University and Quaid-i-Azam University may be worth considering in this endeavor.

Proposed Activities and Deliverables of Business Schools' Cooperation

Intended or preferable activities or outcomes of the proposed cooperation among business schools on CPEC and other parts of the Belt and Road may include:

1. Academic courses and programs to cover knowledge gaps in CPEC/BRI related areas: Business schools may consider designing and offering independent or joint courses and programs at the undergraduate and postgraduate levels. Such courses may include the

international business environment along the Belt and Road, doing business in Pakistan/China, legal and regulatory environment, cross-cultural management in Pakistan/China (culture, religion, language, society, etc.), intercultural business communication, human resource management, financial environment, regulation and norms, language (Urdu/Mandarin/English), supply chain management, energy production and distribution, international e-commerce, entrepreneurship in Pakistan/China, financial innovation, family-owned enterprises in Pakistan/China, and policy and management response to extremism and militancy.

2. Faculty exchange: Faculty exchange can be recommended for two weeks to one term (12-14 weeks). Extensive courses (full or half) can be taught in subjects such as doing business in Pakistan or China, business environment (culture and laws) in Pakistan or China, etc. The Faculty can combine teaching with research activities. The host institution will provide return flights, accommodation, and teaching allowance.
3. Student exchange and foreign internships: These internships can be from one to six weeks on credit or non-credit basis. Students can attend formal courses and guest lectures. Industry visits and internships can also be included. University, NGO and government scholarships for students from countries along the Belt and Road can be offered. When students practice their internships in an international environment, their adaptability to different cultures will be greatly enhanced. Therefore, they will be equipped with the ability to get along well with peers and people from different cultural backgrounds.
4. Research publications: Research can be encouraged through joint research papers in high-quality journals (e.g., ABDC rank 'A' and above), joint research books or special issues. Topics of interest can include studies of successful models for industrial growth, areas of convergence in business and industries, Chinese and other successful models of industrial and science parks, and manufacturing clusters to draw lessons for the development of industrial, science or knowledge parks in the Belt and Road countries, identification and development of trade and commerce for mutual collaboration, and identification of Chinese industries that can be relocated or linked with industrial parks in participating countries.
5. Joint academic conferences (focused on research papers, case studies, policy papers, etc.).
6. Joint case studies in peer-reviewed journals such as the Asian Journal of Management Cases (Sage publications).
7. Joint policy papers, feasibility studies, industry-specific technical papers, and concept notes (to serve as think-tanks for governments and private corporations).
8. Joint applications for research grants–identification of and approaching funding agencies for joint projects.
9. Short duration executive training for businesspersons and government officials.
10. Celebration of cultural festivals and events related to countries and ethnicities along the Belt and Road.
11. Translation of important research papers, case studies, news reports and documentaries into Mandarin and English.
12. Development of faculty members in specified areas with a focus on interdisciplinary research to promote the global vision, intercultural awareness, and professional competence.
13. Provision of adequate resources as well as incentives to faculty members to enable and motivate them to participate in CPEC related activities

The above efforts for cooperation will encourage people-to-people bond, acquisition and enhancement of talent, and mutual development. For such endeavors to work, government and educational leaders in China, Pakistan and other Belt and Road countries will need to provide adequate infrastructure and resources as well as incentives for academics to enable and encourage their full participation in the BRI/CPEC.

Conclusion

Both China and Pakistan have a rich source of scholars, instructors, and practitioners in a wide range of services including accounting, law, human resource management, construction, engineering and project management. However, these professionals may need cross-cultural training, with a specific focus on CPEC, to enable and enhance their productive contribution.

There is a need to develop centers of excellence and international platforms for mutual exchange and development of students, teachers, and practitioners, to develop high-quality business talent with an open, international mindset. For example, academics and policymakers may focus on devising new global financing arrangements that involve major commercial banks and public-private partnerships.

CPEC provides an opportunity for stepped-up research to examine and design optimal trade and investment policies to bolster development in countries along the Belt and Road. In Pakistan, for example, there is a dire need to research the opportunities and challenges that the business community and government need to be aware of to take advantage of CPEC.

From a research perspective, there is a need to answer a few important questions. How will businesses in China, Pakistan and other countries along the Belt and Road identify new opportunities based on existing cooperation? How will they push forward the investments made by Chinese corporations in Pakistan and other countries for industrial development and complementarity? How will the financial industry boost bilateral commercial cooperation?

The business schools in important cities along CPEC (such as Gilgit, Skardu, Lahore, Dera Ismail Khan, Quetta, Karachi) will need to seek answers to such questions and guide national strategy actively and help improve the mobilization of international projects, funding, and human resources through jointly fostering inter-disciplinary and cross-cultural management talents. Accordingly, there is a need for domestic and international experts and leaders to develop interdisciplinary teams for international collaboration, research, and exchange of ideas. With the collaboration of business schools, scholars, students, and entrepreneurs of diverse backgrounds will experience customs and knowledge streams of different nations and develop the cross-cultural and technical expertise needed for the successful execution of CPEC.

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Appendix 'A'

Agreements signed between Pakistan and China on 20 April 2015

1. Economic and technical cooperation agreement between China and Pakistan.
2. Exchange of Notes of feasibility study of the Demonstration Project of the DTMB.
3. Exchange of notes on provision of Anti-Narcotics Equipment.
4. Exchange of notes on provision of Law Enforcement Equipment.
5. Exchange of Notes on Feasibility Study of Gwadar Hospital.
6. MoU on provision of Chinese governmental concessional Loan for second phase up-gradation of Karakorum Highway (Havelian to Thakot) between Ministry of Commerce of China and Ministry of Finance and Economic Affairs of Pakistan.
7. MoU on provision of Chinese governmental concessional Loan for Karachi-Lahore Motorway (Multan to Sukkur) between Ministry of Commerce of China and Ministry of Finance and Economic Affairs of Pakistan.
8. MoU on provision of Chinese governmental concessional Loan for Gwadar port East Bay Expressway Project between Ministry of Commerce of China and Ministry of Finance and Economic Affairs of Pakistan.
9. MoU on provision of Chinese governmental concessional Loan for Gwadar International Airport between Ministry of Commerce of China and Ministry of Finance and Economic Affairs of Pakistan.
10. Protocol on Banking Services to Agreement on Trade in Services.
11. MoU on provision of Material for Tackling Climate Change between National Development and Reform Commission of China and Ministry of Finance of Pakistan.
12. Framework Agreement on Cooperation on Major Communications Infrastructure Project.
13. MoU on Cooperation between NDRC of China and Ministry of Planning Development and Reform of Pakistan.
14. MoU on Pro-Bono Projects in the Port of Gwadar Region between Ministry for Planning, Development and Reform of Pakistan and the International Department of the Central Committee of the Communist Party of China.
15. MoU on establishment of China-Pakistan Joint Cotton Bio-Tech Laboratory between the Ministry of Science and Technology of China and the Ministry of Science and Technology of Pakistan.
16. Framework Agreement between the National Railway Administration, China and the Ministry of Railways, Pakistan on Joint Feasibility Study for up-gradation of ML1 and Establishment of Havelain Dry port of Pakistan Railways.
17. Protocol on the Establishment of China-Pakistan Joint Marine Research Center between State Oceanic Administration of China and the Ministry of Science and Technology of Pakistan.
18. MoU on cooperation between the State Administration of Press, Publication, Radio, Films and Television of China and Ministry of Information, Broadcasting and National Heritage of Pakistan.
19. Triple Party Agreement between China Central Television and PTV and Pakistan Television Foundation on the re-broadcasting of CCTV-NEWS/CCTV -9 Documentary in Pakistan.
20. Protocol on establishment of Sister Cities Relationship between Chengdu city Sichuan Province of PRC and Lahore City.
21. Protocol on establishment of Sister Cities Relationship between Zhuhai City, Guangdong province of the People's Republic of China and Gwadar city, Balochistan of Pakistan.
22. Protocol on establishment of Sister Cities Relationship between Karamay City, XianjianUgur, autonomous region of China and Gwadar city, Balochistan of Pakistan.
23. Framework Agreement between NEA and MoPNRon Gwadar-Nawabshah LNG Terminal and Pipeline Project.
24. Commercial Contract on Lahore Orange Line Metro Train Project.
25. Agreement on financing for Lahore Orange line Metro Train project.
26. MoU on financing for KKH up-gradation Phase-2 (Havelian to Takot), KLM, Gwadar East Bay Expressway, Gwadar International Airport Projects.
27. Financing Agreement relating to the 870MW Hydro-Electric Suki Kinari Hydropower Project between EXIM Bank of China, Industrial and Commercial Bank of China Limited and SK Hydro (Private) Limited.
28. Financing Cooperation Agreement between the EXIM Bank of China and Port Qasim Electric Power Company (Private) Limited (on Port Qasim 2x660MW Coal-fired Power Plant).
29. Framework Facility Agreement for 720MW Karot Hydropower Project between China Development Bank Corporation, EXIM Bank of China and Karot Power Company (Private) Limited.

30. Term Sheet of the facility for Zonergy 9x100MW solar project in Punjab between China Development Bank Corporation, EXIM Bank of China and Zonergy Company limited.
31. Drawdown Agreement on Jhimpir wind Power project between UEP Wind power (Private) Limited as Borrower and China Development Bank Corporation as lender.
32. Terms and Conditions in favor of Sindh Engro Coal Mining Company for Thar Block II 3.8Mt/a mining Project, Sindh province, Pakistan Arranged by China Development Bank Corporation.
33. Terms and Conditions in favor of Engro Powergen Thar (Private) Limited, Sindh province, Pakistan for Thar Block II 2x330MW Coal Fired Power Project Arranged by China Development Bank Corporation.
34. Framework Agreement of Financing Cooperation in Implementing the China-Pakistan Economic Corridor between China Development Corporation and HBL.
35. MoU with respect to Cooperation between WAPDA and CTG.
36. MoU among PPIB, CTG, and Silk Road Fund on Development of Private Hydro Power Projects.
37. Facility operating Agreement for Dawood Wind Power project between ICBC and PCC of China and HDPPL.
38. Framework Agreement for Promoting Chinese Investments and industrial Parks Developments in Pakistan between ICBC and HBL on financial services corporation.
39. The financing term sheet agreement for Thar Block–I between ICBC, SSRL.
40. Energy Strategic Cooperation Framework Agreement between Punjab Province of Pakistan and China Huaneng Group.
41. Framework Agreement on the China Pakistan Economic Corridor Energy Project Cooperation between Ministry of Water & Power and China Export & Credit Insurance Corporation (SINOSURE).
42. Cooperation Agreement between Sino-Sindh Resources (Pvt.) Ltd and Shanghai Electric Group for Thar Coalfield Block I Coal-Power integrated Project in Pakistan.
43. Cooperation Agreement for Matiyari-Lahore and Matyari (Port Qasim)-Faisalabad Transmission and Transformation Project between National Transmission Distribution Company (NTDC) and National Grid of China.
44. IA on Port Qasim Coal fired Power Plant between Power China and GoP.
45. Facility Agreement for the Sahiwal Coal-fired Power Plant Project between industrial and Commercial Bank of China Limited, Huaneng Shandong Electricity limited and Shandong Ruyi Group.
46. Cooperation Agreement on Hubco Coal-fired Power Plant.

(Source: *The Express Tribune*, 2015)

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