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# CPEC EVALUATION AT THE GRASSROOTS LEVEL – A COLLABORATIVE GOVERNANCE CASE STUDY FROM THE PERSPECTIVE OF LOCAL CHAMBERS OF COMMERCE IN PAKISTAN

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**Abstract.** This study reveals the role of the local Chambers of Commerce and Industry (CCIs) in the collaboration between the local business community and government agencies in Pakistan over the China Pakistan Economic Corridor (CPEC), specifically the Belt and Road Initiative. Previous studies on this and the regional collaborations have focused on the broader economic aspects without considering local perspectives and evaluating the ground experience on the development policies. In recent times, collaborative governance requires greater understanding of the trade and investment initiatives launched by national governments, through socio-economic and political research, including in the literature. Research on exploratory approaches and stakeholder identification can help to provide reasonable responses to those critics who question the viability and relevance of the China Pakistan Economic Corridor (CPEC) in terms of local interests. The local business community faces initial challenges and opportunities in the development of the social capital initiatives such as CPEC.

**Keywords:** collaborative governance; Chamber of Commerce and Industry (CCI); China-Pakistan Economic Corridor (CPEC); socio-economic development; empirical evidence.

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## Introduction

Numerous studies have debated the fate of partnerships linked to the Belt and Road Initiative (BRI) since these multilateral engagements began in 2013. The regional challenges have often been highlighted as well as the significant potentials in realising regional connectivity for economic development and social prosperity. Besides regional connectivity, this involves infrastructure development, financial integration, trade growth, and people-to-people connectivity under the BRI action plan – all in the context of China's National Development and Reform Commission (NDRC) and the Ministries of Foreign Affairs and Commerce in March 2015 (Farooq, Yuan, Zhu and Feroze, 2018). In this context, the CPEC is considered crucial as its major purpose is the integration of the land route in South and West Asia with the upper belt of the BRI, (known as Silk Road Economic Belt). Although the CPEC initiative is primarily linked to the Silk Road Economic Belt, it is also significant for another Silk Road, namely the 21st century Maritime Silk Road. This connects Gwadar (one of the deepest Southern Pakistani seaports bordering the Indo-Pacific region) to the Arabian Sea. This strategic importance of the CPEC in the overall concept of the BRI has prompted many scholars to discuss the development of the CPEC from the perspectives of political economy, social development, regional integration and institutional perspectives.

When looking at the various bilateral and multilateral socio-economic indicators at the macro level, the grassroots empirical evidence about the CPEC policies for people-to-people connectivity in general – and the business perspectives by local CCI platforms in particular – is missing. Although it requires a specific analysis to prove, the design of the CPEC objectives for social inclusiveness appears similar to the collaborative governance principles given by scholars. Despite win-win prospects for economic development, some scholars identified only the dominance of China in the regional and international trade and investment (Kirtton, 2016).

There is considerable debate in public and research circles about the sustainability of investment inflows from strong economies to unstable economies of the world. For example, they criticise the lack of collaboration among all relevant stakeholders at the local level of developing economies during the foreign direct investment (FDI) inflows (Mansfield and Pollins, 2009; Lairson, 2018). In the wake of the BRI limitations in the institutional framework, (for example the Asian Infrastructure and Investment Bank (AIIB) and its agreements with the Shanghai Cooperation Organisation (SCO) (Shichor, 2018), it has become necessary to further research the subsidiary bilateral projects of the BRI. In particular, there is a need to focus on stakeholder groups at the local level rather than a high-level overview

of opinions from senior political strategists and policymakers. This would support more plausible answers when responding to the criticisms on the local collaboration practices (or a lack of them) in the subsidiary projects of the BRI initiative. Further, political instability leads to power transfers between different political parties and transitions in government, which means governmental policies are often reviewed or modified (Hussain, 2019). Even under such circumstances, the business community maintains a consistent preference for economic growth and development, supporting political agendas that align with these goals in the local market dynamics. This provides a further reason to pay attention to the local business voices while looking at the strategic management of the CPEC. When examining the overall development milestones, the different stages and their timings need to be considered. For example, the local CCI organisations wanted to know why government policies, when implementing the CPEC, prioritised development of the energy and infrastructure portfolio over industrialisation and agricultural cooperation.

The governments of China and Pakistan planned the CPEC to be a capacity-building platform to increase economic activities, including industrial chains and two-way trade between the business communities of Pakistan and other countries all over the world (Anwar, 2020; Jadoon et al., 2017; Mark, 2014).

However, the first phase of the CPEC (2013–2019) focused only on the prerequisite for inter-governmental cooperation in the development of infrastructure for commercial facilities (Khetran, 2017). Social capital development at the local level is a clear imperative behind this economic initiative. Although the CPEC projects seem more focused on the government authorities in bilateral agreements, the involvement of enterprises or business advocacy stakeholders is crucial to the successful execution.

Since the CPEC investments aim to promote economic growth, CCIs are vital contributors to it. Pakistan's economy largely depends on the private sector for meeting national employment and economic prosperity. Unlike general public perspectives represented by the political leaders and experts, CCIs give a more specific grassroots view concerning the strategic business exchanges in the CPEC. Therefore, the local CCIs are instrumental in CPEC's developmental progress (CPEC Quarterly, 2019). This article presents empirical evidence on the CPEC from the CCIs, which represent the local business communities from all over Pakistan. The perspectives presented here account for an assessment of the degree of satisfaction with achievements, bottlenecks, and suggestions to meet the CPEC objectives over the short and medium-term stages (2013–2025).

Firstly, the conceptualisation of the CCIs collaboration is made in the CPEC by the collaborative governance. Secondly, twenty-three participant organisations representing the local CCIs highlighted their views on the infrastructure development by government under the CPEC.

They reflected how the local business communities in twenty-three commercial cities of Pakistan perceive business-to-business exchanges including financial integration, regional value chains, industrial and agricultural cooperation in CPEC. The future implications of commercial activities are put forward from the perspective of CCIs in Pakistan. The collaborative mechanism is unveiled

for the CCIs in the CPEC through regional and local collaborative governance practices. It examines how the local CCIs are committed to the CPEC's progress as a bottom-up stakeholder group. The article concludes with practical policy suggestions for the authorities from business perspectives.

## Theorising Business Collaborations within the CPEC through the Lens of Collaborative Governance

Scholars have developed specific management paradigms for collaborations with a government administration among three sectors. Collaborative governance is a government endeavour initiated for national outcomes, which is subsequently joined by one or more of three stakeholder groups that might include members from communities, societies, or business organisations. These stakeholders might come simultaneously from the private and non-government sectors. Collaborative governance attracted scholarly attention at the start of the twenty-first century (Langbein, 2002; Beierle, 2000). It has been defined that collaborative governance ensures the engagement of public agencies with non-state stakeholders to reach a consensus on public programmes (Ansell and Gash, 2008).

Collaborative governance structures and processes for policy decision-making with a collaborative administration style connect people constructively across public agencies, multiple tiers of government, and private and civic boundaries to commit to national initiatives (Emerson, Nabatchi, and Balogh, 2012). There is an emphasis on multi-stakeholder group involvement in government projects of public concern (Zadek, 2008).

The collaborative governance ideas are gaining significance among Western and Eastern nations (Mukhlis et al., 2018). Since the CPEC is a national project, it initially involved government influence, followed by the participation of local stakeholders in the collaborative process. At the same time, it demands diversified talents, skillsets, capacities, and creativity from all across national stakeholders. Local CCIs are vital for the business community's representation. Therefore, the concept of collaborative governance is highly appropriate as it provides the CPEC administration with the necessary help of multiple stakeholders while the local CCIs act as key entities for the local business community.

The involvement of indigenous business communities (along with their dedication and capacity for volunteer roles) make for effective collaborations, bridging local businesses with public agencies.

"CCIs had their origins in the 1760s when the voice of the business community took a new form and shape, driven by new local demands to secure representation and government inattentiveness" (Bennett, 2011, p.3). This development stemmed from a retrospective analysis of business community advocacy platforms that sought administrative and organisational reforms within the government sector during the 17th century. The purpose and functions of these chambers are evident in the literature, which highlights these social organisations as non-profit entities that serve as liaisons between the business community and relevant government departments to address commercial issues, agendas, and policies through effective collaboration (Özsungur et al., 2020).

Whilst the administration in unstable developing regimes might lack finance, political responsiveness, and legitimacy (Kwon et al., 2014), the local CCIs remain pivotal in supporting the government in implementing economic initiatives in modern times. The paradigm of free trade and modifications in regulating responsibilities further strengthens the social status of these commercial organisations for local level business advocacy, ensuring the bottom-up response to the impacts of development. The organisational commitment is instrumental for optimum contributions by the volunteer board members of the local CCI organisations coming from the business community itself for meeting social responsibility (Dawley et al., 2005) through the electoral process. All local chamber of commerce and industry (CCI) organisations in Pakistan undergo annual presidential elections in which board members are elected by the ballot process that includes all chamber members for voting at the local level. The nominees of elections usually come from the local business community. The elected executive board members are fully responsible for managing the chamber's affairs including, the recording of the issues of its local members, business advocacy before government, monitoring of membership, and organising research for local commerce development.

The benefits, satisfaction, and perceived value of the chamber's members (comprising small and medium businesses including industries, exporters, and importers) from local contexts need a balanced approach for an exchange of values between business community and public agencies (Dawley et al., 2005). Although the facilitation role of the CCIs is maintaining effective collaborations for the business community, the diversification of their service portfolios further enhances the stakeholder value of these commercial organisations (Silwal and Manadhar, 2017; Bhuiyan and Latif, 2011). These services include trade fairs, exposure visits, exhibitions, promotion of commerce agendas, research, development, and similar capacity building campaigns. It helps the small businesses at the local level by solving their main problems in a particular context (Lacho and Brockmann, 2011). Similarly, the social interaction established by these platforms assists social capital development and increasing the probability of economic development and growth (Zhang, Lu and Zheng, 2020).

The CPEC project is initiated by the national regimes of China and Pakistan mainly to increase the economic activities in South Asia with Africa, Central Asia, Middle-East, and Europe, establishing the CPEC as a bridge of economic connectivity between the east and west. The process of regional connectivity started in 1990 between China and Pakistan. The research for Gwadar port (near the Arabian Sea) and CPEC was jointly declared by the former President of Pakistan, Pervez Musharraf and the former President of China, Hu Jintao in Beijing in 2003 (Anwar, 2020). In 2006, the signing of the Free Trade Agreement (FTA) further increased the cooperation between China and Pakistan. Formal implementation of the FTA happened in July 2007. The mutual trade and commerce activities between the two countries increased from \$1 billion in 1998 to \$15.15 billion in 2015 (State Bank of Pakistan). According to the statistics given by the State Bank of Pakistan, the exports from Pakistan to China increased to \$106 million in 2018 (Pakistan Economic Survey, 2019). However, it has further potential to increase 20 times. Numerous research studies have investigated the socioeconomic impact



of the CPEC project (Ali, Shang and Saif, 2018; Haq and Farooq, 2016). However, the internal commitment of local people to the CPEC initiative lacks social investigation particularly, among the local business community.

Being a national project for economic stability, the major themes of the CPEC are set out in the Long-Term Plan for the China Pakistan Economic Corridor, 2017–2030. Related to commerce and industry, these are – in the short and medium-term implementation phases (2013–2030) – electricity generation, land, and sea infrastructure, industrial and agriculture cooperation, and in the long-term implementation phase (by 2030–2050) – job creation, and sustainable economic growth. The whole development divides into two stages over time.

The first phase of execution for completion by 2020 involved meeting the prerequisite capacities for industrial electricity and transport connectivity in trade transit. As development in the energy, physical infrastructure, and transport projects involve the large state and private-owned enterprises, critics questioned the complete absence of the local business stake in the CPEC project. On the other hand, the public agencies proclaimed that these initial developments are the gateways to the subsequent growth in industries, agriculture, job creation, and the economy ultimately (Husain, 2017).

The second phase is work in progress for achieving economic capacity in commerce and trade. The execution of special economic zones (SEZs) and joint ventures (JVs) is crucial in this second phase development. The 21st century is regarded as the development era of global and regional strategic exchanges, resulting in geo-economic linkages among several countries. The construction of the trade corridor is crucial for the encouragement of economic growth. In particular this is as regards trade in Asia for pursuing competition with other continents (McGregor, 2006) due to its dependence of trade cost on the development of transportation and communication infrastructure (De, 2006). The bargaining of appropriate technology transfer for quality standards is often seen from the mediating roles of CCI organisations (Giurgiu et al., 2016) that further increase foreign direct investment and multilateral trade. The integration of industries into regional and global value chains by building financial capacities of the local business requires the private sector and the local CCIs to reflect their commitment in the second phase of CPEC project. The Research and Development (R&D) departments of the CCIs regularly devise mechanisms for generation, transmission, usage, and development of a range of solutions for the decision-makers and policy experts (Hashmi, 2013). The business community also attempts to launch off-grid and non-governmental sustainable energy solutions in which the lobbying services of CCI organizations can be instrumental (Ramchandran et al., 2016).

### Local commercial perspectives on CPEC development over the short-term (2013–2020)

We have focused on four capacity-building themes of the CPEC in the overall economic development process. Although the first stage or short-term implementations in the CPEC development mainly focused on commercial electricity generation and transit routes infrastructure, we have also covered perspectives

about industrial and agriculture cooperation of business community within a first stage development.

Under the first phase (2013–2020) of the CPEC project, the priority had been given to energy surplus and infrastructure instead of other capacity buildings for local industrial and commerce growth due to severe national needs. The complete set of local organisations involved in this research paper is presented below in Table 1. All these organisations have participated in recording their business community perspectives on CPEC portfolios.

Table 1

### List of participant organisations

Case ID no	Organization Name	City	Province
1	Lahore Chamber of Commerce and Industry	Lahore (provincial capital)	Punjab
2	Islamabad Chamber of Commerce and Industry	Islamabad	Federal Capital
3	Faisalabad Chamber of Commerce and Industry	Faisalabad (SEZ)	Punjab
4	Rawalpindi Chamber of Commerce and Industry	Rawalpindi	Punjab
5	Sialkot Chamber of Commerce and Industry	Sialkot	Punjab
6	Gujarat Chamber of Commerce and Industry	Gujarat	Punjab
7	Gujranwala Chamber of Commerce and Industry	Gujranwala	Punjab
8	Rahim Yar Khan Chamber of Commerce and Industry	Rahim Yar Khan	Punjab
9	Sargodha Chamber of Commerce and Industry	Sargodha	Punjab
10	Bahawalpur Chamber of Commerce and Industry	Bahawalpur	Punjab
11	DG Khan Chamber of Commerce and Industry	Dera Ghazi Khan	Punjab
12	Sahiwal Chamber of Commerce and Industry	Sahiwal	Punjab
13	Multan Chamber of Commerce and Industry	Multan	Punjab
14	Sarhad Chamber of Commerce and Industry	Peshawar (provincial capital)	KPK
15	Haripur Chamber of Commerce and Industry	Haripur	KPK
16	Abbottabad Chamber of Commerce and Industry	Abbottabad	KPK
17	Mardan Chamber of Commerce and Industry	Mardan (Near Noshehra SEZ)	KPK
18	Karachi Chamber of Commerce and Industry	Karachi (provincial capital)	Sindh

Case ID no	Organization Name	City	Province
19	Hyderabad Chamber of Commerce and Industry	Hyderabad	Sindh
20	Sukkur Chamber of Commerce and Industry	Sukkur	Sindh
21	Quetta Chamber of Commerce and Industry	Quetta (provincial capital)	Baluchistan
22	Gwadar Chamber of Commerce and Industry	Gwadar (SEZ)	Baluchistan
23	Lasbela Chamber of Commerce and Industry	Lasbela	Baluchistan

**Source:** Created by the authors (- hereinafter, unless otherwise indicated).

The business communities are satisfied with the CPEC energy outcomes from the capital and industrial cities in the most populated province of Pakistan. “The energy surplus had helped the local business community in operationalising the right production capacity for trade goods and increasing commerce activities with other regions” (Case no 1). “The holistic image of business community was suffering in 2013 because of less production, lack of genuine commitments and supply promises with international purchasers of goods from Pakistan during the period of electricity shortfalls for local industries” (Case no 2). The industrial energy demands have been met over the last seven years by the CPEC power projects.

Business advocacy platforms described some challenges in the commercial electricity results. “First, being under the provincial leadership of different political parties contrary to the complete autonomy of central government, a little gap always remained in the overall commitment to the process for energy projects according to the Karachi executive” (Case no 18). “Secondly, the local business communities were not satisfied with the cost of electricity and indirect tariffs to sustain tough competition in international markets” (Cases no 5–7). They raised questions over the energy collaborations managed by the previous political regimes. It needs debate among policymakers in the future to ensure more sustainable and productive solutions at low costs for the local businesses. One of the major reasons is inefficient agreements with Independent Power Producing (IPPs) companies by government. The CCI in the capital city of Baluchistan (the southwest part) depicted a similar concern. “These tariff concerns might be resolved by the provincial governments if the local political leadership puts these challenges actively to the concerned authorities and they also create a shared understanding between local business communities and public agencies in coming years” (Case no 21). The high costs of electricity are the result of the initial installation and later capital expenses of the power projects implemented during the first phase of the development.

Additionally, the physical infrastructure projects in the short-term capacity initiatives under the CPEC project had included roads, railways, and connecting highways in north-south areas (Long Term Plan for China Pakistan Economic Corridor, 2017–2030). The comparative analysis showed that all the CCI organisations had a consensual agreement on the CPEC project. It facilitated making improvements in the local infrastructure over the past seven years of implementa-



tion despite having some potential practical challenges in contextual approaches at the local level. “Better infrastructure through the CPEC projects served the local business community with easy physical access to the various inter-connected local, regional, and international markets, thereby, providing more chances for economic activities and growth” (Case no 21–23). The senior executive from Peshawar (northern part) explained his narrative about infrastructure as follows:

“The government and stakeholder construction companies must also initiate the development of the western route making sure that there is fast transit between Peshawar and Quetta as well as with underdeveloped western areas of the country. Most of the routes under the CPEC are currently connecting through the eastern side of the country where there was good development previously – but implementing the same for infrastructure needs westwards is crucial for local and regional commerce transactions. There is a cartel amongst the big infrastructure companies which is causing delays in the prospective business exchanges through western corridors. The government must address these gaps in future infrastructure development” (Case no 14).

Some cases under examination reflected slight political disagreements and the potentials for infrastructure at the provincial level. It can be explained by the Lahore and Quetta executives as follow:

“The local infrastructure was improved. However, the provincial and central leadership announced a mass urban transit project for Lahore intra-city transport after coming to power in 2013. The project was completed recently under the tenure of the ruling party in March 2020. This ruling party faced an economic challenge as they had to subsidise the project despite its completion, as the local province needed economic subsidies to operate the transport project. The infrastructure design was to serve the population of more than 11 million in the capital city of Punjab” (Case no 1).

The Quetta CCI is located in the capital city of the largest province of Pakistan in terms of area (almost 50 percent of the total country’s area in the southern part). Despite having such a large area, the province still lacks requisite infrastructure development. The population is also smaller. However, the CPEC intends to develop the infrastructure of this area to create mutual trade benefits with other regions and to use the untapped potential of mineral resources in this area (Case no 21).

Pakistan also agreed a second FTA in 2020 with the Chinese leadership, adding 313 Pakistani export product lines to the list, which had a positive impact on industrial investments from other countries operating in Pakistan. However, the process of industrialisation was slow under the first phase of CPEC development. The organisational executive from Gwadar city explained the local inability to achieve industrial development needs as follow:

“Being engaged with chamber politics in Pakistan, I must say that the private sector of our business community failed to develop sufficient initiatives and capacity-building programmes for the development of Small and Medium Enterprises (SMEs). The renowned industrialists couldn’t deliver to explore the real potential of this country. Similarly, our government policies were also not stable in the past. For instance, the textile sector of Pakistan

has good incentives and tariff relaxations from the government and foreign countries. However, textile exports are insufficient to address all economic demands. Unfortunately, the government didn't pay attention to other potential industries to increase the national income and exports in the past. We are optimistic that industrial portfolios would flourish through the CPEC capacity initiatives in Pakistan" (Case no 22).

"There is less commitment from the provincial and central government and even foreign companies to cooperate with the local business community. There was focus on energy and infrastructure for FDI inflows during the first phase of the CPEC project" (Case no 18–20).

These infrastructure policies have, as a prerequisite, the generation of industrial cooperation according to government officials. However, the initial plan was to take industrial collaborations within the first phase of development. "The economic stability over the long run is not feasible for the local industries without industrial growth and sustainability" (Case no 21). The local CCIs, being the local industrial voice for the less powerful business community, put these collaborative limitations before the government agencies.

The local business executives from Northern Province also argued industrial limitations as follow:

"Our province has massive untapped potential for tourism. This CCI thinks that the government must encourage foreign companies to invest in the northern areas. However, the business community did not get a chance to meet more foreign delegations. The local business community finds a challenge in developing good partnerships with the multi-national corporations in major industries similar to them. The local trust, commitment to the process, and shared understanding suffered, and consequently, delays happen in convening foreign cooperation in local industrial areas. We're hoping from provincial and federal governments to stand up and address this challenge to make the further progress smooth in the second phase of CPEC implementation" (Case no 14–17).

The Lahore chambers' executive commented: "This collaboration saw the cooperation of Chinese companies with Pakistani counterparts to improve the yield and quality of agricultural goods" (Case no 1). The southern Punjab business executives also reflected: "There is a potential for cooperation in seed technology or research for improving the local production standards that have been accepted internationally for consumption and commercial purposes. However, cooperation with foreign companies is not happening for progress in this area" (Cases no 9–12). Institutional support and facilitative provincial leadership are vital for having a consensus in overall agriculture progress. "The public departments must address this challenge as a priority to use economic incentives from our potential geographical areas of national productivity" (Case no 18 and 21). So far, the local business community perceives that the CPEC's first phase of development has focused on meeting energy and infrastructure capacities before the industrial facilitation and agricultural proximity. We have reviewed the policy views from the local CCIs on the four development categories of CPEC from 2013 to 2020, see Table 2.

Table 2

**Local CCI Views on CPEC during 2013–2020**

CPEC Policies	Chambers of Commerce Perspectives within first phase of progress
Energy Generation	Operating and upgrading of energy projects; Decrease in energy shortfalls; Satisfaction in meeting industrial electricity demands; Indirect tariffs; Increase in electricity costs due to inefficient agreements with IPPs; Need to use local potentials for renewable energy; Developing more shared understanding of CCIs on energy policies
Infrastructure Development	Improvement in physical connectivity; Construction and upgrading of highways, roads, and railway infrastructure; Demand more consensual arrangements among local cities; Prioritising the western infrastructure linkages; Need speedy execution of ongoing projects; Avoiding costs due to delays in implementation
Industrial and Agriculture Cooperation	Lack of capacity building for industrialisation process; Limitations of FDI in local industries; Need frequent exchanges of business delegates; Low agriculture yield comparing to the local potential; Demand technology transfer; Seed research; Quality controls; Institutional and leadership support for the local farmers in agriculture policies

### Local commercial perspectives on the CPEC development over the medium-term (2021–2025)

As the local business community demanded industrialisation and agriculture cooperation during the first phase of CPEC, we have focused on more perspectives on these two policy imperatives in the development period 2025. At the same time, views here also reflect the smooth continuation of the remaining energy and infrastructure portfolios within the same period. Although medium-term development will continue until 2030, we restricted the prospect views from business representatives from 2021 to 2025 to be more precise in our analysis.

“Electricity and power projects under the CPEC added more capacity to the national energy grid. Motorways and highways are also mostly operational” (Case no 1). The CCIs in the northern cities recorded positive perceptions with the CPEC energy and infrastructure portfolios as well. “Although there are specific advantages in particular areas with CPEC implementation, the whole country would get capacity developments. The overall business community would take advantage of energy production and infrastructure linkages as they target all regions in Pakistan” (Case no 16). The business platform executive from the centrally located SEZ enabled smooth execution of energy and infrastructure portfolios in the second phase as follow:

“The total CPEC investment has been increased from 46 to 62 billion US dollars by the Chinese and Pakistani governments. Twenty billion dollars have already been invested as of September 2020. According to one of the government reports, some projects were completed that were announced by the government under the CPEC projects; there are projects still in the implementation phase; the rest are in the pipeline, with all of them mainly comprising of energy and infrastructure facilities” (Case no 3).

There are concerns about the expansion of electricity provision to remote areas of Baluchistan and Southern Punjab as sites over there have not yet been connected with the national energy grid (Case no 12 and 21) and therefore are dependent on fuel energy consumption which is expensive (Case no 22). Although the energy plants generate excess electricity over the national demands, all electricity units cannot be used due to the poor transmission networks in remote areas of the country. As a consequence, excessive energy wastage and fuel energy dependency put an extra tariff burden on consumers (Case no 23). These issues probably need government attention in the second phase of CPEC development. Recently, the government has put their proposal for increasing the energy capacity of local SMEs through the electricity power division's use of Public-Private Partnerships (PPPs).

“Such collaborative partnership may serve as a model to overcome a deficiency in capacity building. It will boost the agriculture activities and industrial practices for our local business community. Initially, these projects are for the seven districts of Punjab. Similarly, the government is also introducing such PPPs under the infrastructure projects of CPEC project. For instance, the ring road of Rawalpindi and similar feasible cooperation for Sialkot are there through similar models in the coming years' plan” (Case no 6).

The industrial and agricultural cooperation has been planned under the Special Economic Zones (SEZs) by the CPEC authorities. As of October 2020, only three SEZs have been inaugurated out of nine proposed SEZs under the medium-term development in Noshehra city in the northern, Faisalabad city in central, and Gwadar city in the southern regions of Pakistan. The perspectives are collected for industrial and agriculture development from all local CCIs during the medium-term capacity buildings of CPEC. The executive from Lasbela and the member board of directors in investment initiatives foresee the future development as:

“The Chinese markets and industries are converting from labour-intensive to technology-intensive. When the economies reach such standards, then the manufacturing suffers. So, the issue is that China is now moving from the initial zone to the comfort zone. Over the next 20 years, this transformation would completely take place in China. Due to the increase in living costs, the labour and capital-intensive industries will now move to other developing and economically unstable countries. These countries include Bangladesh, Vietnam, Thailand, Sri Lanka, Cambodia, Pakistan, Kazakhstan, and African countries (Case no 23).

The executive from the federal capital of Pakistan showed his concern over the delays in the industrialisation process. “Infrastructure linkages are being implemented and improving throughout Pakistan speedily. Industrialisation is also needed in parallel at this stage. Costs are always going to increase due to the developing nature of our economy. The industrialisation process should be speedy to avoid the decrease in investment value and capital capacities over the medium and long-term” (Case no 2). The Vice President from Karachi has raised a question to the government over acquiring industrial land for small businesses as the devaluation of Pakistan's currency continues with a reduction

in Gross Domestic Product (GDP). “The authorities of the CPEC project should tell us the mechanism of how the economic zones would become viable for the local business community in the presence of costly land facilities for the local investors within these economic zones” (Case no 18). The cooperation of banking channels and easy financing would be instrumental. “As far as the economic contribution from small and medium firms to the CPEC is concerned, the results depend on how quickly we increase the skill level of local companies and financial assistance through joint ventures and technology transfer with foreign enterprises” (Case no 1). The executive views from the vibrant industrial zone of Faisalabad are as follow:

“There’s a benefit from the CPEC industrialisation and mass production capabilities to bringing the cost down. Agriculture cooperation should be quick as well. Faisalabad CCI looks at China for maximum joint ventures and technology transfer with the local companies and people in the coming years through the CPEC. Secondly, Chinese companies should relocate their manufacturing under such international investment settings during the second phase of the CPEC project. The urgent need is to relocate those industries in Pakistan that are import substitution in nature. In this way, our imports will decrease. It would contribute to the favourable balance of payment and economic growth of Pakistan. Thirdly, there should be bilateral trade exchanges with the local industries in Pakistan. It is important for the reason that market of goods is more crucial than production. Sometimes, we have to face a deficit in this area as a developing country” (Case no 3).

The local CCIs generally advocate that their region must also be linked with Central Asia, Middle East, China, and even Turkey to enjoy economic liberty similar to the integration models of European and western countries. The main reason for economic disintegration is strict policies and the rigid attitude of European and western alliances toward developing countries in Asia. “There are many impositions of quality standards and increasing costs for licensing associated with exports of our fisheries to European markets that do not exist for European member states. In this regard, we also made efforts to establish a quarantine centre for food and security assurance” (Case no 22). “Foreign investors are looking at Baluchistan to use its indigenous potential of minerals, salts, and gems besides using the CPEC as a trade corridor” (Case no 21). The United States of America (USA) also did not involve countries of this region in reciprocal trade and investment partnerships despite its interventions in Afghanistan, Iraq, Central Asia, and the Middle East. Therefore, BRI cooperation becomes inevitable for these Asian countries. It might move toward the union of this whole region economically. The organisational executive from Islamabad depicts the existing local potential in the light of CPEC developments in the future as:

“Some industries are already present including, flowers, steel, pharmaceutical, marble, light engineering, food processing, soap, chemicals, and information technology. Therefore, we believe the development of these industries through economic zones could further enhance the economic prosperity of the whole country. We put proposals with the help of some departments while emphasising the advocacy before the government to com-



pare the infrastructure and commercial activities happening in the federal capitals of developed countries all over the world and then setting up these benchmark standards of development in Islamabad for making it an economic hub” (Case no 2).

Exchange of business ideas is a crucial and increasing tendency even during the COVID-19 period through virtual engagements. It has been an active practice of the Karachi Chamber of Commerce to conduct joint sessions with business community of multiple countries over the past several years (Case no 18). “The business community of Rawalpindi is playing an agile role in arranging not only foreign business conferences but also local business interactions to promote commercial activities in Pakistan” (Case no 4). “These business commitments from the private sector help Pakistan observing favourable growth in few industries (textile, leather, sugarcane, and citrus fruits) even during the last year of pandemic restrictions. The local business communities in Pakistan believe that they should keep their avenues open by taking the CPEC as an advantage in arranging business-to-business linkages for rapid industrialisation (Cases no 5–7). “With the development in foreign investments, technology operations, and international standardisation, we must learn, think, adapt, and grow for export and manufacturing-oriented industries in Pakistan” (Case no 21). Over the next 20 years, business community in Pakistan is optimistic to position the CPEC as one of the manufacturing hubs in this region globally.

Agriculture is a major strength for Pakistan, but only if the improvement in per acre yield increases, which can happen only through the advancement of agriculture and support of joint ventures. “Many agriculture industries have linkage with the value chain of big brands. However, their absolute potential is not observed yet due to a lack of investments, capacity building, technology, soil testing, seed quality, and research labs at the divisional level” (Cases no 9–13). “Due to the lack of seed technology, maize, potato, and cotton industries suffered during the national quality control checks. These issues have been giving poor commercial returns to farmers. Proper stakeholders from grass root level must become a part of deputy commissioner and commissioner teams for various agriculture products development” (Case no 12). The executive from the Islamabad Chamber of Commerce gave his views regarding agriculture development during the second phase of CPEC as follows:

“We have to focus on the modernisation of agriculture in Pakistan by setting up proper training centres all over the country. However, most of our farmers had been using traditional farming methods. Although the development toward agriculture has made little progress, there’s a strong need for arranging such training facilities to increase the per acre yield of the local agriculture production. New machinery, technology transfer, and reduction in duties on agriculture products are essential factors in agriculture modernisation. Model farming could also be started by the local municipalities while implementing such things in different jurisdictions to motivate the farmers all across Pakistan. Cattle breeding also needs to be innovative with the support of government-owned facilities for enhancing the capacity and impacts from such projects toward modern adaptations” (Case no 2).



The business executive from Gwadar city highlighted prospective partnerships in the future as: “The chairman of the China Overseas Port Holding Company (COPHC) gave us a proposal to commit with Chinese companies that we would export livestock and agriculture items to China. They would be ready to engage with locals in joint ventures and PPPs. The government must mobilise such projects (Case no 22). “The local fruits orchards including peach, apple, pomegranate, and cherry suffered much due to persistent droughts in our area. It demands improvement in the irrigation network of water through proper technologies. Different trade associations work on agriculture feasibilities along with some experts” (Case no 21). “The northern areas of Pakistan have immense agriculture potential. Their business executives welcome joint initiatives with foreign counterparts in the future” (Cases no 14–17). Local people are in coordination with chambers of commerce organisations for local agriculture development and need government support, business to business engagements, and FDI during the progress of the CPEC.

Table 3

### Local CCI expectations on the CPEC development in 2021–2025

CPEC Policies	Chambers of Commerce Perspectives for second phase of progress
Energy Generation	Shifting focus away from hydrocarbons sources completely in the future; Calling the proposals from the local business community for renewable energy generation at low cost; Expanding the national electricity grid to remote areas; Avoiding losses of lines; Improving poor networks of transmission; Forecasting appropriate energy demands; Managing wastage of excessive energy productions; Revisiting agreements with IPPs
Infrastructure Development	Continuing the planned execution of infrastructure facilities; Prioritising the Gwadar-Xinjiang railway project; Extending infrastructure linkages with Central Asian Republics
Industrial and Agriculture Cooperation	Collaboration in maturing business ideas; Relocation of industries in Pakistan from other countries; Integrating the local supply chains into regional and global value chains; Promoting SMEs development; Establishing more and more JVs; Focusing on import substitution industries; Strengthening the cooperation of banking channels with business community; Increasing the foreign investments with local partnerships; Increasing the overall agriculture productions; Researching the seed, soil, and the local environment for improved yield; Standardising the local agriculture processes; Market the local fishery and livestock industries; Developing business-to-business engagements between the local and foreign entities in the next five years

## Discussion and Conclusion

By identifying relevant investigation policies<sup>1</sup> for the subsidiary project of the BRI, the authors made a systematic research to understand the local collaborations within the CPEC against the backdrop of political criticisms made with no primary evidence. Some political thinktanks criticise the strategic de-

<sup>1</sup> People-to-people connectivity is found as one of the five imperatives in BRI action plan.

velopment of the CPEC projects without pursuing the local dynamics at the fundamental business level. Such a vague approach to political analysis creates academic ambiguity which is unhelpful for regional political collaborations. Following the people-to-people connectivity principle from the BRI initiative, the local business perspectives on government policies have provided empirical evidence for understanding the challenges and collaboration mechanisms in the CPEC development over the successive periods. The national capacity building initiative, the CPEC, focus on energy, infrastructure, industry, and agriculture development over the short and medium terms in Pakistan are all considered. Since the CPEC is an economic project, effective business collaborations are inevitable between the local business community and relevant public agencies in the commerce-related policy agendas. We concentrated on the policy debate of the CCI organisations because of their bridging status as representative platforms for the local business collaborations.

The collaborative governance paradigm addresses the local business collaborations within the CPEC to develop an academic remedy in the investigations against criticisms (which are not based in empirical evidence) in regional engagements. Collaborative governance has been explored further for the local implications by holding the concepts of consultation and representation with stakeholders in our case analyses. The CPEC initiative qualifies for the theoretical and practical application of collaborative governance that demands the initiation of a project from the government and its invitation to the relevant public groups to participate during the development process. We found that it is not always possible to establish absolute government to people contact for developing stakeholder collaborations due to administrative or financial constraints. Therefore, it is difficult for the relevant government agencies to connect with the local business community during the collaboration process. However, third-party or volunteer organisations could advocate and represent the views and concerns of the whole business community to the government to ensure collaborative governance. The stakeholder institutions could further streamline their organisational activities to exchange views with each member through specific conferences, procedures, and technologies.

The local CCIs are legitimate, accountable, non-political, and impartial platforms that signify their business representation status in collaborative governance endeavours. With satisfaction over the commercial utilities guaranteed by the CPEC energy and infrastructure developments from 2013 to 2020, the local business community envisages the next five years for industrial and agriculture cooperation occurring through joint ventures (JVs), mergers, and partnerships with foreign enterprises in Pakistan. As the development is still in a continuous process, the local CCI views reflect some challenges facing the government in resolving the commercial issues in time and realising the mutual economic development by the CPEC initiative. The local business commitment is looking to cooperate with the government on the CPEC policies. Business advocacy organisations from all over the nation should be proactive, propose solutions on the CPEC policies constantly, and exchange ideas with relevant government departments.

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