



## Export Oriented SMEs of Pakistan in Perspective of CPEC

*Dr. Rao Qasim Idrees*  
School of Law,  
University of Gujrat, Pakistan  
[qasim.rao@uog.edu.pk](mailto:qasim.rao@uog.edu.pk)  
*Mirza Shahid Rizwan Baig*  
College of Law,  
Government College University Faisalabad, Pakistan  
[shahidrizwan@gcuf.edu.pk](mailto:shahidrizwan@gcuf.edu.pk)  
*Hafiz Muhammad Usman Nawaz*  
Department of Law,  
International Islamic University Islamabad, Pakistan  
[usman.nawaz@iiu.edu.pk](mailto:usman.nawaz@iiu.edu.pk)

### **Abstract:**

*Pakistan export commodities marginally belong to agriculture sector. Most of the export commodities belong to the SME agriculture products which include rice, fruit, vegetables and cereals. However, Pakistan farmers, as well as landlords, stay at a long distance from main highways on which such products are further brought to the national markets and seaports (Karachi and Gwadar) for export purposes. Hence, food products are frequently conveyed in little amounts over terrible bumpy roads. It causes long transport journeys and high cost per unit of item transported and results in a significant decrease in profits. Pakistan agriculture SMEs exports further require market access particularly to UAE, Saudi Arabia, and China where food items are as of now surely understood and bring high cost. CPEC Master Plan, for the most part, focuses on SME agriculture segment for advancement and development. Through CPEC logistics investment, Pakistan can improve agriculture SMEs exports significantly by way of better transport and marketing facilities. For this purpose, current study discusses first Pakistan agriculture SMEs export potential, secondly the legal protections available for agriculture SMEs, thirdly the link between better transport infrastructure and improved Agri SME exports, fourthly CPEC improvement plan and finally concludes that CPEC projects can improve Pakistan's agriculture SMEs exports sector*



*which is very low income due to obsolete logistics cold chain, warehousing, marketing as well as transportation facilities.*

**Keywords:** Agriculture SMEs, China Pakistan Economic Corridor, Export barriers, Logistics and Transportation

### **Introduction**

Small and medium-sized enterprises (SMEs) are self regulatory, independent business entities which occupy less than 250 numbers of employees in Pakistan and possessing maximum paid-up capital with Rs.25 million and having Rs.250 million per year business. Furthermore, the legal mechanism for the regulation of SMEs in Pakistan includes Securities and Exchange Commission of Pakistan (SECP), Federal Board of Revenue (FBR), Companies Act 2017 and the bodies e.g. SMEDA and BOI. These laws and authorities are made for directing the particular tasks like corporate and tax collection matters, however, such bodies are not properly equipped with concerned knowledge and expertise to deal with procedures of introducing fruitful policies of enterprises". Agriculture sector provides a major contribution to the economy of Pakistan. A larger part of the country certainly depends on agriculture. Pakistan Statistics Bureau claims that 24 per cent of Gross Domestic Product (GDP) is added by the agriculture sector. Furthermore, it establishes 44% of work labor which is the biggest source of foreign trade income (Pakistan Bureau of Statistics, 2017). Be that as it may, Pakistan still cannot get benefits which it out to be through this sector. Moreover, in 2018 "Pakistan Business Council" (PBC) provide the statistics which enunciates "Pakistan's agricultural profitability extends somewhere in the range of 29% and 52%, far lower than the world's best midpoints for real products". Therefore, Pakistan being an agricultural economy requires developing this sector on an immediate basis (Proceeding Pakistan Economic Forum IV, 2018).



Ahmed & Mi (2017) argue that remembering the requirement for agricultural progression, Pakistan further develops many projects to improve physical infrastructure and for this purpose, Under CPEC investment agreements within both countries, finance is being provided and policies are drawn for restructurings agriculture segment since it starting the agricultural movement has dependably been a vital part of China-Pakistan Economic Corridor. Notwithstanding, this area was very little tended to in the early collect stage since it was progressively vital in the beginning to initially enhance the framework system and electricity insufficiency. A well developed infrastructure along with better transport system encourages in moving products and goods. Also, electricity is similarly essential as transport for the advancement of agriculture development.

Kiani (2017) argues that currently, the initial phase of CPEC plans (2013-2018) is near to completion and in the second phase of the CPEC, the Long-Term Plan examines in detail the agriculture development and improvement and includes technology transfer, creation of Special Economic Zones, establishing Small Medium Enterprises in agricultural sector, better transportation of agriculture goods, using water resources.

Ahmed & Mustafa (2016) state that agriculture development is another method for poverty mitigation. The vision of CPEC is to make Pakistan economy advance and more competitive. Country's overall annual budget to a great extent depends on agriculture so once it is produced it will get increasingly financial advantages and will raise exports of agricultural goods. Furthermore, China is currently leading the trade of food items around the world and having \$100 billion annual trade is conducted which involved agriculture products. In any case, tragically Pakistan just offers 1% of food items to China in comparison of imports from China out of \$2.93 billion. In this way, making it an imperative element of CPEC



would not just lift Pakistan-China reciprocal trade of agricultural products however will likewise give a decent universal market to Pakistan.

### **Legal Protections available for agri SMEs Exports**

Hafeez (2018) claims that to boost up overland logistics investment, exports sector must be enhanced to flourish logistics business in Pakistan. For this reason, there is a need to modernise Pakistan's rice production and mitigate local requirements to market competition. These incorporate bringing in and giving time restricted subsidies to energize the utilization of current machinery, for example, transplanter, innovation strategies, giving financing to agriculturists to put resources into enhancing their profitability. Furthermore, Pakistani rice needs better advertising and marking endeavors with a specific end goal to grow trade volume in China, and in other universal markets where Pakistan is losing trade volume. This would likewise enable customers to separate amongst high and sub-quality basmati rice. It is essential to renegotiating the tariff rates under the Free Trade Agreement 2007. Pakistan as of now has no concessions under the FTA and does not recognise positively with China's other trade allies. The basic issue for citrus exports to China right now is constrained interest for seeded kinno, which is Pakistan's essential citrus export. This requires advertising the present item for the time being and creating assortments with fewer seeds to consider Chinese and worldwide markets. In all these strategies, Pakistan will require significant interests in Research and development and promotion. Furthermore, "Non Tariff Barriers" constitute an essential obstruction to trades. Pakistan geographical condition is much favorable for such kind of commodities, however, the conditions that citrus commodities can be carried by sea and through ports which are far away from Pakistan, makes the situation more adverse. The favorable arrangement would enable Pakistan to take advantage of new markets inside China and exports to territories closer to Pakistan, further enhance the benefits of trade (International Growth Centre, 2018). Regions in the north-east of Pakistan, for example, Potohar territory, approach China by road. By taking permission, regional trade by means of these areas will result in bring down transportation cost and time, sparing the requirement for cold treatment also.

---



Ali (2016) emphasises that to encourage exporters, a data repository need to be produced that unites and intermittently refreshes the Sanitary and Phytosanitary Measures (SPS) and other import prerequisites for various nations that citrus can be sent out to. This will guarantee that the exporters approach this data and can appropriately follow the rules. The data repository needs to likewise demonstrate which offices should be contacted keeping in mind the end goal to acquire the required confirmations. For the purpose of moving towards higher paying and seedless assortments of citrus, there is a need to energize innovative work in citrus so these assortments can be created. In relation to kinno, consumer demand is one important factor. Perhaps the efforts taken in Pakistan to advertise Kinno to the worldwide market needs to be explored because if production is enhanced but consumer demand does not change to the benefits of that product, the impact for kinno could still be minimal. "Citrus Exploration Organization" in Sargodha and "Nuclear Institute for Agriculture and Biology" (NIAB) has been moving in the direction of improvement of seedless assortments, however, they have not been exceptionally fruitful. Already, the assortment created and sold as seedless was not appropriately tried and begun delivering the seeded natural product after a couple of cycles of generation. Thusly, there is a need to reinforce investigate the zone. To this end, the government should work together with worldwide research organizations, for example, "Citrus Exploration Center" in California and research focuses in Italy, which have created seedless assortments of kinno. These would then be able to be adjusted to suit the atmosphere and soil states of Pakistan.

Wood, Wu, Li, & Jang (2017). claim that there is a need to support domestic trade. Beforehand, a lot of trade was directed with Iran and Afghanistan. In any case, because of political strains amongst Afghanistan and Pakistan, trade stays problematic. Previously because of shutting down the border, numerous trucks of citrus could not achieve Afghanistan and other "Central Asian states". Because of this, kinno exporters needed to bring about huge misfortunes. These business sectors have an appeal for the sort of kinno created in Pakistan. There is a need to discover alternative markets so Pakistani kinno exports can be extended. Keeping in mind the end goal to move towards local transportation networks, there is



a significant chance for joint endeavors with China. This will lessen cargo charges and travel time for the export of kinno.

Fruit products exports may further enhanced by minimizing tariff and other applicable taxes as this policy attracts more businessmen and agriculturist from the country. In this context, there is the opportunity of enhancing fruit product arrangements by arranging better tariff and tax duties under the Pak-China FTA. Moreover, there is a need to put resources into the modernization of custom systems.

### **Better Transport Infrastructure in connection to agri SMEs exports**

There are some different investigations accessible which advocate solid connection between the advancement of the country framework and yield development. For example, Datt and Ravallion, 1998 led research by utilizing information from numerous states. They demonstrated that states having better physical and human foundation accomplished higher rates of farming yield development than states with the poor framework. Fan et al. (2000) considered the connection between the water system and roads and yield development and found a solid positive relationship between these two factors. Kiani, 2008 discovered the positive effect of various ventures on all-out calculates efficiency Punjab. Fan et al. 2004 broke down that the greater part of the administration speculations (farming innovative work, water system, country instruction, and foundation including roads and physical infrastructure) affects agriculture efficiency development and provincial destitution decrease. Numerous examinations are accessible which reason that advancement of basic infrastructure offers agriculture innovation. Woelcke, (2006) found from his examination that enhancement in roads framework decreases the expense of transportation. Dercon and Hoddinott, (2005) led an investigation to see the connection between roads condition and info acquiring intensity of the agriculturists. They gave proof that enhancement in roads quality prompts increment the likelihood of buyer's contributions by 29 to 35 per cent as per the season.

Nkonya et al. (2011) found from his examination that by connecting agriculturists to public administration bodies, correspondence framework,

---



the market, provincial administrations and developed road networks, profits can be procured and this would urge farmer's choices to embrace and put resources into better land innovations. Yoshino, 2008 claims that poor framework antagonistically influences the Agri exports sector. Okoboi & Barungi, (2012) demonstrate that farmers have typically low access to credit which creates hurdles to arrange better logistics in practically all the creating nations which may a major limitation to buy the information sources utilized in homesteads. So also markets situated at separation are key imperatives to the utilization of manures and to move the agriculture goods. They bolster the accessibility of agriculture credit at simple financing cost and simple terms and conditions.

They additionally bolster the development of infrastructure to interface the agriculturists with markets. It tends to be finished up from above-displayed examinations that advancement of infrastructure is trailed by positive changes in innovation utilized in agriculture division. There is an extraordinary number of concentrates accessible which demonstrate that there is a certain relationship between improvement of framework and advancement of trade. Limao & Venables, (1999) found from their examination that a 10 per cent reduction in transport cost prompts 25 per cent to ascend in universal trade. Bouet et al. (2008) state, that interest in transport infrastructure and correspondence results in the advancement of universal trade all things considered venture diminishes transport cost.

Ali et al. (2018) emphasized, that the available road infrastructure in Pakistan including federal and provincial territories comprised on 265,000 kilometres of area. Within such a range, 68.6 per cent comprise on national highways. It is pertinent to mention here that due to slow economic progress and weak financial measures, the roads infrastructure advancement is very low and fall behind the required percentage. In this regard, the government is committed to upgrading this weak infrastructure into better highways network throughout the country. The road spread





further promotes the economic progress which is comparatively low down and at the range of 0.35 km of road length/sq in Punjab (0.52) along with Sindh (0.58). As compared to these two provinces that are low in Baluchistan (0.13) along with KPK (0.31). In regional countries like Bangladesh and India, this ranges from 1.3 km/km<sup>2</sup> and 2.2 km/ km<sup>2</sup> respectively. To get better road density to 0.52 km/km<sup>2</sup>, further 139,000 km road infrastructure is required for the up gradation. This objective is not possible to achieve with only public funds but also private sector involvement for fundraising is inevitable (United Nations Economic and Social Commission for the Asia Pacific, 2017).

Logistic Cluster, (2018) finds that the “National Highway Authority” (NHA) take care of development as well as support for national expressways framework networking dealing with the large population as well as regional connectivity and ports economic activity. Pakistan roads network further established 13,000 kilometres wide area, which offers provincial connectivity and cargo movement within the country about 75%. The rest of the burden of the road is kept common in addition to provincial and district authorities. National Highway Authority annually allocated with 55 to 65 billion Rupees from national budget funds. However, the amount of budget is not enough to fulfil the needs of repairing and construction of new roads. Furthermore, the amount from toll taxes is 17 billion per year and not sufficient as at least 28 billion rupees per financial year is required.

The majority of the volume of trade in agri SMEs sector under China Pakistan trade is helped out through truck. In this regard, the trucking sector assumes the primary job in Pakistan import and export trade area. The developing economy includes a quick and advanced road cargo industry and Pakistan current trucking sector cannot provide such environment. In Pakistan, the trucks which made and assembled domestically are obsolete and have constrained technology and with light motor models (PAMA, 2015). Additionally, the present condition of available trucks is incompatible for containerized transportation along with ports in Pakistan. Therefore, containers are unloaded where agri goods additionally put into open trucks, which cause the goods wastages and





time delay. Therefore, a new system and modernized truck fleet are inevitable to replace obsolete vehicles for the improvement of the agriculture sector (International Trade Centre, 2014).

Pakistan Railway provides a tremendous system of 7,800 kilometers track network, however, the greater part of this having no profitable business and utilize and comprises of a branch and vital lines. The ensuing one-third portion of the system holds the larger part comprised of trains which further covers the volume of travelers as well as cargo through train's network movement which assessed to be around 86%. With this data, it tends to be said that railroad framework in Pakistan has not exceptionally prevalent and a long way behind in comparison with road-based cargo transporter and passenger movement (Ministry of Railways, 2016). Pakistan railroad according to the present measurements handles just five per cent of the aggregate cargo activity in Pakistan and essentially it is utilized for passenger's movement. Besides, the income which is created through agri cargo business that is utilized for the advancement of traveler's developments regardless of significant cargo business through railroad networks.

Khalid et al. (2016) found that the present ruin an awful circumstance of Pakistan railroad is because of the reason of ceaseless misfortune and inefficient management policies of freight handling. This has banished it from doing any significant business and advancement in the framework and moving stock, which has converted into outdated and further needs redesigning. In the present situation, within developed economies cargo is perpetually considering into containerized framework, however, then again, Pakistan railroads have lacking foundation and capacity to control and use this most essential element of the logistics industry. Moreover, the divisions and foundations which are included have no business vision and they additionally do not have the most recent methodologies for the advancement and development of this area.

The basic difficulties looked by the transport and logistics part incorporate non-statement of transport and coordination as an industry by the administration, absence of appropriate interest in the transport sector by

---



the legislature, no administration authorizing specialist for cargo freight transporters, no official law established for transport area in Pakistan, obsolete lawful system for carriage of products by roads, absence of rail administrations and coordination to transport holders from ports, damaging roads and other infrastructure because of floods, rundown streets and transport arrange, limitations on arrangement of fortified transport, heavy expense for not as much as compartment load, non-activity of Pakistan Railways on business premise, absence of roads safety gadgets bringing about massive road mishaps.

### **CPEC Agri SMEs Improvement Plan**

CPEC agreements between China and Pakistan pertaining to industrial growth may well help to improve the advancement of SMEs by method for joint ventures strategy among business visionaries of China and Pakistan, and further refresh current SMEs by utilization of present-day industry and productions advancements. Small and Medium Enterprise Development Authority (SMEDA) administration consider the way that the development of the special economic zones and industrial zones on the CPEC trade route will give gigantic advantages against Chinese logistics investment in Pakistan. The investors from China and Pakistan related to SMEs business are required to be met up right now of concluding of CPEC trade routes (Development Financial Review, 2011). Furthermore, for enhancing Agri SMEs cooperation among two countries a high-level business delegation from China came to Lahore. The delegation visited the SMEDA office and further talked with authorities to promote joint ventures in agri SMEs sector. Moreover, delegation involved business entities managing in “international logistics, infrastructure development, supply chain management, furniture, steel structure and the import, export business.” Furthermore, “there is a wide degree for joint ventures amongst Pakistani and Chinese SMEs, particularly in the fields of logistics, trucking, warehousing, fisheries, cultivation, minerals, dairy and animals, fruits and vegetables supply, light designing, clothing, and cold storage and production network business, and so on.” Jamal (2016, October 3).



SMEDA officials further confirm that during the visit of Chinese officials, huge financial schemes in the agriculture sector have been announced which will further improve the financial situation in Pakistan. The cooperation between China and Pakistan is further extended through the exchange of agri technology from China to Pakistan agriculturists who further update the small and medium business through innovation and modernization. In this regard, the farmers from agriculture-based cities like Sialkot and Gujranwala are hopeful for a positive change and progress in agri SMEs sector with joint ventures and financial participation by the Chinese businessmen under CPC in Pakistan.

Javed, (2017, December 9) asserts that for the promotion of agribusiness in Pakistan, the logistics infrastructure should be upgraded, and policies are made in this regard by SMEDA authorities. The focal point of the methodology ought to be on making organizations and improving collaboration with a specific end goal to create joint endeavors, instead of a competition between the business people of China and Pakistan. By building up ventures, contracting undertakings and technology transfer, China can bolster Pakistan in building up its similarly invaluable enterprises in the assembling parts, he additionally said. SMEDA has officially arranged a considerable rundown of potential industrial cooperation extends in the SME part for the administration to figure an approach on with a specific end goal to pull in CPEC agreements. However, to get maximum benefits, policies need to be initiated promptly as "Pakistan's regional and strategically position and existing groups offer massive potential in production and trade for Chinese businesspeople". Government offices evaluate that "SMEs constitute around 90pc of the 3.2m private endeavors in the industrial, trade and services segments in the nation, and utilize around 70pc of the labour force in the country". Such undertakings additionally offer more than 30% to GDP and 25% to the nation's exports income. In perspective of the basic significance of SMEs in minimal effort work creation and poverty decrease, progressive governments have attempted in the past to centre around their advancement, however the division stays uncompetitive in world markets inferable from auxiliary shortcoming, out of date innovation, absence of access to credit and promoting and administration abilities, threatening



business and administrative condition, and different components, regardless of different activities both at the elected and common levels.

The Small and Medium Enterprise (SME) area in Pakistan can possibly turn into the engine for development and impel the national economy into the world's best 25 monetary powers, as imagined by the Planning Commission of Pakistan in its vision 2025. SMEs are searching forward for a chance of quick development in the progressing period of CPEC venture the nation over. In this regard, the SME establishments have requested the government to give chances to the regional SME part at whatever point granting contracts to different major and little tasks in the China-Pakistan Economic Corridor (CPEC). In this regard there, several logistics investment plans and imagine the high potential for foundation alongside CPEC trade route and these include the construction of highway at Makran Coast for improvement of the whole Makran Coastal zone of Baluchistan through the advancement of fisheries, tourism and foundation of exchanging and preparing markets. The real divisions of CPEC investment for SMEs in Baluchistan are minerals, agriculture (particularly agribusiness esteem included), horticulture, fisheries, livestock and tourism. For such investment, logistics improvement in these areas is inevitable by China and Pakistan. Furthermore, in Turbat area grape-processing plant, tomato paste manufacturing, apple treatment plant, onion frying and drying plant, fresh flower business, cold storage, ice factories, fruit processing unit, mini steel mills, re-rolling mills, wool processing units, flour mills, edible oil and ghee units can be built up under agri SMEs sector. (World Bank; International Finance Corporation, 2013) . Moreover, Pasni, being second biggest seaport zone of the territory arranged at Coastal Highway connected with Karachi and Turbat, a Mini Industrial Estate containing under specified units can be set up by welcoming intrigued SME financial businessmen of Pakistan and from the Gulf States (Pakistan Government, 2009). Khuzdar area is also wealthy in Mineral and units like Steel Mills, Mineral Warehousing, Copper Processing Plant, Marble Cutting Units and other mineral-based ventures can be established. Rajanpur is arranged in Punjab on the strip between River Indus and sloping tracts of Balochistan. It is one of the slightest modernly created areas of Punjab. Be that as it may, the accessibility of

---



crude material particularly cotton reflect the great potential for cotton material factories, because no such units exist in the region (Zarai Taraqiat Bank Limited: Planning and Research Department 2016).

As data shows, Pakistan has great potential in the SME sector to invest and bring huge money in the country. CPEC trade route offers significant industrial zones, power plants, special economic zones along with its prescribed points. These points offer mega logistics opportunities for both domestic and Chinese investors.

Hofman (2015) states, that One Belt One Road (OBOR) activity is an indispensable piece of China's 'Going Global' methodology. Propelled by China's leader, Xi Jinping (2013), OBOR is apparently the biggest activity of this kind, spreading over more than 65 nations, 4.4 billion individuals and very nearly 40% of worldwide GDP. The strategy plans to build a worldwide foundation arrange by enhancing and doing trade corridors, connections and business relationships with China by means of two principal channels: 21st Century Maritime Silk Road (MSR) and the Silk Road Economic Belt (SREB). Hassan (2016, August 14) argues that the Maritime Silk Route intends to interface territorial conduits by the development of ports and other beachfront foundation in nations situated in Southeast Asia and East Africa, upgrading their network with China. The Silk Road Economic Belt, then again, is a system of land and rail courses that reach out along the old silk course from China through Central Asia and Middle East, the distance to Europe, including six monetary corridors: New Eurasian Land Bridge (NLEB); China-Central and West Asia Economic Corridor (CCWAEC); China-Indo-China Peninsula Economic Corridor (CICPEC); China-Pakistan Economic Corridor (CPEC); and Bangladesh-China-India-Myanmar Economic Corridor (BCIMEC).

Agribusiness SMEs are those organizations working inside the agriculture domain. The requirements of SMEs in farming may fluctuate by the capacity they serve in the particular sector in which they work. An SME that spotlights on production sector may require financing for the buy of contributions toward the start of a business circle, though an SME in



handling may require this capital toward the purchasing of material for production purposes. The kind of help they need may shift as well. For instance, SMEs in the agriculture sector and innovation may require lab testing opportunities to test and approve their items, while those in preparing or forwarding may require access to high-esteem markets. SMEs in the agriculture sector are provided with different categories which include information sources and technology provider SMEs with configuration, collect, or make key data sources for use in farming. They also require Pre-harvest investment for manufacturing or assembling purposes (Centre of Excellence: China Pakistan Economic Corridor, 2017).

Producers (Farmers) SMEs which grow, protect and reap crops, raise poultry and domesticated animals, or fish. They require Pre-harvest, working capital for the buy of sources of information and actualization. There are different categories involved in agri SMEs sector and include logistics, trade, and distribution SMEs which give coordinations, dispersion and trade facilities for the production of agriculture commodities; processor SMEs which process or involve in packaging agriculture items available to be purchased to customers or merchants; wholesaler SMEs which obtain crude or prepared items from agriculturists and processors for export or deal to retailers or processors and retailer SMEs which sale out agricultural items to clients through retail advertisers. Such agricultural SMEs may take any codified or registered form like Sole Proprietorship, Partnership, Limited Liability Company, Private Limited Company, Producer Companies, Cooperatives, and NGO-business elements and Non-Profit that may decide or influence the administration structure, sources of funds, and attraction in potential financial investors association. Open and Private Limited Companies may raise obligation and value fund while different types of Agricultural entrepreneurship depend entirely on loan financing. In a nation whose economy is basically an agricultural based economy, the significance of farming SMEs cannot be denied. Due to such situation, the importance of SMEs cannot be denied for the success of economic corridor particularly within special and industrial economic zones situated at the important nodes of the corridor and this situation can very well be seen in CPEC



perspective. The accompanying agriculture business through SMEs has massive potential for consideration in the CPEC (Ministry of Agriculture and Rural Affairs, 2018).

Pakistan has low output per acre of land that implies the normal harvest in Pakistan is only 1/4 of that of developed economies in the world because of customary and ordinary strategies used for cultivation of crops and other fruit commodities. Whereas neighbouring nations like China and India are utilizing present-day machines and logical systems to build their output per acre of land. In Pakistan generally, agriculturists are little and poor who have not adequate assets to buy latest Agricultural machinery and equipment and most machinery suppliers have their setups in populated or mega city zones where access of small farmers from remote regions is not possible. Consequently, there is a major request of little-scale Agricultural machinery providers to build up their setups in remote territories of the nation and offer their items at sponsored rate along these lines providing the advantages in economic and industrial zones of the country. In this regard, Agricultural leasing business can be helpful if promoted within economic zones at CPEC route (*Faisalabad Chamber of Commerce and Industry, 2017*).

Beenish, (2013) states that Pakistan is situated at a vital point where advertising of agribusiness items has enormous potential. Dried out organic products and vegetables is another result of significant worth expansion arrangement where the time span of usability is expanded and space for capacity is lessened alongside simple transportation. This further requires exploring markets particularly to UAE, Saudi Arabia, Central Asian Republics where these items are as of now surely understood and bring high cost. If got dried out products of the soil-plant is overseen productively, agriculturists can win great income in shape of foreign exchange by exporting dried out fruits and vegetables which will in enhance the development and progress of agriculturist people indirectly in the country.

Pakistan has the massive unexplored potential for getting a mega profit and share of world agricultural commodities market. In such a manner,

---





export-based organizations only implied for agricultural commodities should be active which would help in meeting worldwide export yardsticks like ISO & SPS.

The harvested item should be put in an appropriate temperature and dampness levels for use in future claiming different environmental issues can affect the quality and in addition the amount of production. In Pakistan the greater part of agriculturists are poor they do not have appropriate storerooms or they store their items by utilizing customary systems which ruins their item which at last diminishes the amount created and traded out of the nation. In this manner government or money related establishments ought to encourage agriculturists for working of more warehouses and cold storage facilities in the country. Distribution centres are likewise required close seaport while dry ports can be built up in urban areas part from the ocean.

Qamar and Hammad, 2011 argue that in Pakistan agriculturists and laborer's live far from any road on which grain can be transported to spots of accumulation, warehouses and cold storages. Hence, items are frequently conveyed in little amounts over terrible bumpy roads. This involves long transport times and high expenses per unit of item transported and cause a significant decrease in profits. This activity discourages agriculturists to expand their business. Distinctive organizations are giving transport facilities to the transportation of agribusiness commodities. On the other hand, there is a huge system prevalent of such organizations for simple access of agriculturists to transport their goods at their goal particularly if there should be an occurrence of exports where refrigerated trucks are required for most vegetables, fruits as well as fresh flowers.

### **Recommendations**

- i. There is need to improve connectivity through CPEC transportation ventures; remote regions to focal markets creating roads and distribution centers and furthermore enhanced the standards and quality of cold storage system



to stay away from losses and fewer margins in natural products, vegetables and other short-lived goods and products.

- ii. Government is required to show signs of improvement connectivity of national roadway linkages throughout a favored and complete advancement plot in accordance with the goals put for National Trade Corridor and CPEC.
- iii. Pakistan requires rearranging cargo transportation business according to current requests and global practice on present-day lines. Public-Private Association would be urged to set such business on wanted level. Built up and all around put logistics enterprises are required in current circumstances.
- iv. Introduce “inter-modal transport scheme” on advance lines, continuously move from out of date, wasteful strategic industry to extraordinary, productive and totally interconnected calculated administration and operational framework; give better correspondence and keep up better connections between various transportation techniques. For these reasons, famous and qualified logistics and infrastructure building global firms can be approached immediately.
- v. Government of Pakistan introduces plans for useful substitution of obsolete trucking sector, giving advances and motivating force. This arrangement on a very basic level approached and finalized to give new age trucks which are good with the condition as well as also diminish



transportation time in accordance with universal practices.

- vi. Railway ministry requires improving the efficiency and productivity of trains to handle the bulk of cargo and overburdened passengers' sector.
- vii. To get Gwadar seaport operational fully on an emergency basis and enhanced its connections with imperative business centers to utilize port capacities.
- viii. Government through SMEDA should review the advancement systems for SMEs to enable them to promote their business efficiency by updating abilities and embracing new advances and creative procedures.
- ix. Like Singapore, SMEDA may consider presenting a Productivity and Innovation Credit (PIC) money reward for organizations that put some sum in efficiency and advancement exercises throughout a year. This will enable SMEs to settle the cost of actualizing their profitability upgrades.
- x. The Government may consider broadening consultancy administrations for the SMEs through SMEDA, particularly, in the export sector, better market access, business rebuilding through internationalization, efficiency improvement of SMEs, innovative business ideas and the study of actualization of projects. For this reason, SMEDA may likewise provide services and monetary help to SMEs under the support of the Trade Development Authority of Pakistan (TDAP).



- xi. Agri SMEs ought to be given unique motivating forces and expense concessions to set up enterprises in the Special Economic Zones (SEZ) and other modern domains of the nation. “One window operation facility” for SMEs should be given.
  
- xii. The current agri SMEs regulatory rules and regulation with given procedures as required to be amended. Furthermore, the barriers in way of efficiency of SMEs should be removed by introducing new laws for this sector.

### **Conclusion**

The China-Pakistan Economic Corridor (CPEC) is a blend of obligation and venture of an expected US\$62billion by the administration of China to create roads and transport infrastructure extends in Pakistan. It is focusing on 17.7% of its all-out CPEC venture, for example, US\$11billion to the improvement of transport and logistics benefits in Pakistan. This would not just encourage China's extension of trade and transport interfaces crosswise over Central and South Asia, yet in addition, develops transport and logistics segment in the country. The development elements of the segment are with the end goal that it has outperformed the yearly development rate of GDP amid 1991 and 2016. It contributed 13.3% to the GDP in 2016-2017, and this offer is relied upon to ascend by 2.5 rate focuses, as CPEC ventures are finished. The area is right now in charge of the making of around 3 million formal occupations, which would increment to about 3.6 million with CPEC. Under CPEC, the interest in roads transport would add up to the US \$6,100 million while US\$ 3,690 would be put resources into railroads. As roads transport contains 96% of the national cargo traffic, CPEC interest in roads part will help the development of agri SMEs business. In the previous five years, bilateral



trade between the two nations has extended with the yearly development rate of 18.8%, which is relied upon to additionally ascend with CPEC's movement.

In accordance with the high expectation, CPEC wants to change roads infrastructure from low-type roads to high-type streets to expand the street thickness and cargo limit of the passage. The national road organize comprises of 260,000 km, out of which 68.4% is highways, yet advance on the up gradation of the rest of the roads is unobtrusive. The low-composed roads spread comprises of 0.33 km of road length per sq. km of land territory. CPEC investment will attempt towards extending roads spread of low-type, constructing and restoring expressways and motorways specifically. It will prompt a decrease in the movement time by half and transportation cost by 10%.

This research further demonstrates that the transportation arrange establishing of ports, rails, roads, and aviation routes is deliberately coordinated with agri SMEs regions, Special Economic Zone (SEZs) and Industrial Parks of CPEC around the major nodal urban communities: Gilgit, Peshawar, Dera Ismail Khan, Islamabad, Lahore, Multan, Quetta, Sukkur, Hyderabad, Karachi and Gwadar. The joining of prominent agri SMEs areas with the enhanced roads system will decrease the transportation cost and result in higher between common speed networks. Thus, it will fill in as the essential driver for the coordination division development by lessening the expense of its administrations and ensuing ascent in their proficiency. Pakistan may likewise encounter a private and remote venture as the nation needs an open interest in the transportation area. Just 25-30% of Public Sector Development Program (PSDP) finance is spent on yearly transport spending plan, which is not adequate. However, notwithstanding the development potential, the transport and logistics part may endure an inborn development issue.



## **References**

- Ahmad, R., & Mi, H. (2017). China-Pakistan Economic Corridor and Its Social Implication on Pakistan: How Will CPEC Boost Pakistan's Infrastructures and Overcome the Challenges? *Arts and Social Sciences Journal*, 8(2), 01-08.
- Ahmed, R., & Mustafa, U. (2016). Impact of CPEC projects on agriculture sector of Pakistan: Infrastructure and agricultural output linkages. *The Pakistan Development Review*, 511-527.
- Ali, L., Mi, J., Shah, M., Shah, S. J., Khan, S., Ullah, R., & Bibi, K. (2018). Local residents' attitude towards road and transport infrastructure (a case of China Pakistan economic corridor). *Journal of Chinese Economic and Foreign Trade Studies*. 11(1) 104-120.
- Ali, S. (2016). Export response to sanitary and phytosanitary measures and technical barriers to trade: Firm-level evidence from a developing country (No. 16/02). CREDIT Research Paper. Centre for Research in Economic Development and International Trade, Nottingham: University of Nottingham.
- Beenish, S (2013). Rejuvenating Pakistan's standing: Benefitting from China's Rise. *NDU Monograph*, 4(3).
- Centre of Excellence: China Pakistan Economic Corridor CPEC (2017). Agriculture Research Based Collaboration. <https://cpec-centre.pk/cpec-opportunities/>
- Faisalabad Chamber of Commerce and Industry. (2017). CPEC-Prospects and Challenges for Agriculture in Pakistan: Vision 2025. <http://fcci.com.pk/rte/Agriculture-Report.pdf>.
- Hafeez, Q. (2018) CPEC and its Agriculture Components, China Pakistan Economic Corridor. <http://www.cpecinfo.com/news/-cpec-and-its-agricultural-component/NTc5NQ>.



- Hassan, H (2016, August 14). China's 6 Magical Economic Corridors. Foreign Policy News. <https://foreignpolicynews.org/2016/08/14/china-6-magical-economic-corridor/>.
- Hofman, B. (2015). China One Belt One Road Initiative: What we know thus far. The World Bank.
- International Trade Centre (ITC) (2014). Road Freight Transport Sector and Emerging Competitive Dynamics, Trade related technical assistance program. European Union funded Trade Related Technical Assistance TRTAII program. [http://trtapakistan.org/wp-content/uploads/2016/01/Road-freight-transport-sector-and-emerging-competitive-dynamics\\_final.pdf](http://trtapakistan.org/wp-content/uploads/2016/01/Road-freight-transport-sector-and-emerging-competitive-dynamics_final.pdf)
- Jamal, N. (2016, October 3). CPEC to Bolster Small and Medium Enterprises. Dawn News. <https://www.dawn.com/news/1287626>
- Javed. A. (2017, December 9). CPEC Offers Opportunities Of Growth For SMES. The Express Tribune. <https://tribune.com.pk/story/1579442/cpec-offers-opportunities-growth-smes>.
- Khalid, A., Nasir, M., & Mohsin, M. R. (2016). Why Pakistan railways has failed to perform: A special focus on passenger perspective. Journal of the Research Society of Pakistan, 53(2).
- Kiani, K. (2017). CPEC enters the next phase. Dawn News, <https://www.dawn.com/news/1371702>.
- Logistic Cluster. (2018). Logistics Capacity Assessment (LCA): Pakistan Road Network. <https://dlca.logcluster.org/display/public/DLCA/2.3+Pakistan+Road+Network>.
- Ministry of Commerce, Government of Pakistan. (2009). Strategic Trade Policy Framework 2009-12. [https://www.commerce.gov.pk/wp-content/uploads/pdf/STPF\\_2009-12.pdf](https://www.commerce.gov.pk/wp-content/uploads/pdf/STPF_2009-12.pdf).





- Pakistan Automotive Manufacturers Association PAMA (2015). PAMA Historical Data. <https://www.pama.org.pk/statistical-information/historical-information/annual-sales-production>.
- Pakistan Bureau of Statistics. (2017). Government of Pakistan, Agriculture Statistics. <http://www.pbs.gov.pk/>.
- State Bank of Pakistan: Infrastructure Housing & SME Finance Development (2011), Development Finance Review DFR. <https://www.sbp.org.pk/SME/PDF/DFG-Dec-11.pdf> .
- The Pakistan Business Council. (2018). Pakistan Economic Forum IV. <https://www.pbc.org.pk/wp-content/uploads/Economy-digital.pdf>.
- Trade Map (2015). Pakistan's Indicative Trade Potential For Citrus. [https://www.trademap.org/Country\\_SelProductCountry\\_Graph.aspx](https://www.trademap.org/Country_SelProductCountry_Graph.aspx).
- United Nations Economic and Social Commission for Asia and the Pacific. (2017). Status Paper on Pakistan Highways. <https://www.unescap.org/sites/default/files/Pakistan.pdf>.
- Wood, J., Wu, J., Li, Y., & Jang, H. (2017). The Economic Impact of SPS Measures On Agricultural Exports To China: An Empirical Analysis Using The PPML Method. *Social Sciences*, 6(2), 51.
- World Bank; International Finance Corporation. (2013). Doing Business 2014 Regional Profile: South Asia. Washington DC:World Bank. <https://openknowledge.worldbank.org/handle/10986/19148> License: CC BY 3.0 IGO
- Zarai Taraqiati Bank Limited: Planning and Research Department. (2016). *CPEC: Scope of Agriculture SMEs & Role of ZTBL* <https://www.ztbl.com.pk/wp-content/uploads/Documents/Publications/Research-Studies/CPEC-AgricultureSMEs-ZTBLrole.pdf>