



## CAN PAKISTAN REPLICATE CHINA'S ECONOMIC SUCCESS? KEY LESSONS FOR LONG-TERM GROWTH

Aftab Haider<sup>1</sup> Ayesha Sadiq<sup>2</sup>

### Abstract:

*Pakistan faces significant economic challenges, including industrial underdevelopment, limited foreign direct investment (FDI), high poverty rates, and low human capital. In contrast, China's economic policies have driven remarkable growth, lifting over 800 million people out of poverty and transforming the country into the world's second-largest economy. Despite these successes, Pakistan struggles with a low industrial contribution to GDP (20.9% in 2023) and a poverty rate of 25.3%. The gap between China's economic growth and Pakistan's stagnation highlights the need for effective policy adaptation. This paper analyzes China's economic strategies, focusing on industrialization, export-led growth, FDI, infrastructure development, and human capital investment, and evaluates how these can be applied in Pakistan. The study identifies key lessons from China's experience, such as the importance of diversified industrialization, sustained infrastructure investment, and innovation-driven growth, and examines the challenges Pakistan faces in implementing similar policies. Key findings show that Pakistan's industrial sector is underdeveloped, FDI inflows remain insufficient, and the country's human capital development is limited, with a Human Capital Index (HCI) of just 0.41. China's targeted poverty alleviation programs, strong industrial base, and focus on innovation provide a model for Pakistan to follow. The paper proposes a "National Innovation and Industrialization Fund" for Pakistan to boost industrial growth, R&D investment, and human capital development. The implications suggest that adopting these strategies could help Pakistan address its structural issues and foster sustainable economic development.*

**Keywords:** Industrialization, Foreign Direct Investment (FDI), Human Capital, Poverty Reduction, Economic Growth

### 1. Introduction:

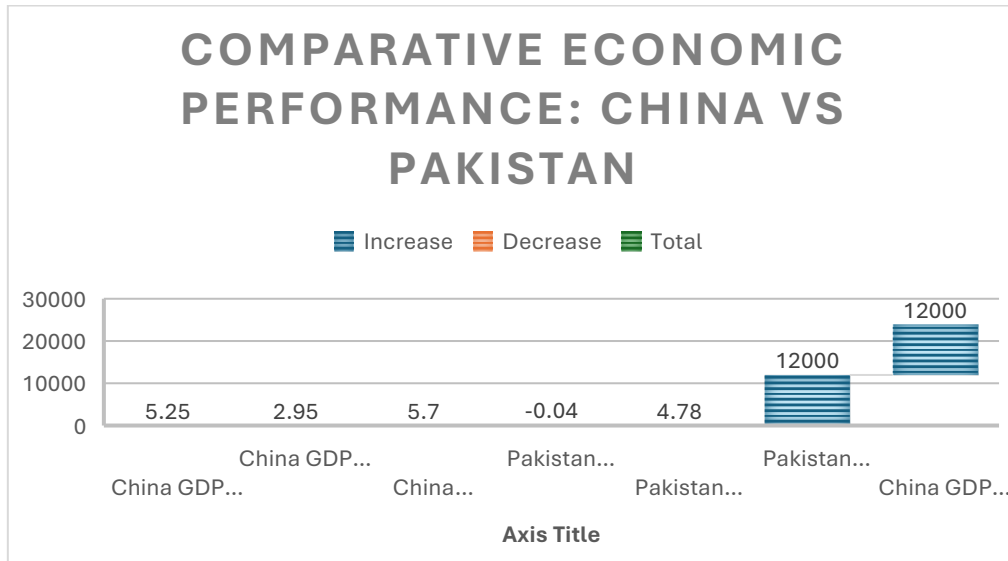
Pakistan and China are two prominent Asian nations that have different routes to economic growth. China has rapidly become the world's second-largest economy, whereas Pakistan continues to struggle in its efforts to achieve sustainable development (Khan et al., 2020). The success of China is attributed to market-oriented reforms, industrialization, and huge foreign direct investment (FDI), which Pakistan has yet to achieve (Tarzi, 2009). Nonetheless, the two countries share some common things, such as a high population, abundant resources, and strong development ambitions, which enable Pakistan to draw lessons from China.

The GDP growth rate of China in 2023 was 5.25 % with a high recovery rate of 2.95 % in 2022. This increase was primarily because of higher industrial production and a 5.7 % increase in fixed asset investments. In 2023, the economy of Pakistan contracted by 0.04 % following a 4.78 % increase in 2022 . This sharp decline was due to political instability, energy shortages, and inflation. World Bank statistics indicate that the GDP per capita in Pakistan is less than 1,500 dollars, whereas in China, it is over 12,000 dollars, which is a clear indication of the level of development (*In 2023, the Economy of Pakistan Contracted by 0.04 % Following a 4.78 % Increase in 2022. - Google Search, n.d.*).

---

<sup>1</sup> Mr. Aftab Haider is a PhD scholar of International Law at Southwest University of Political Science and Law, China. Mr Haider is also an International Arbitrator at Chongqing Arbitration Commission (CQAC0, China. Email: [aftabhaider516@gmail.com](mailto:aftabhaider516@gmail.com)

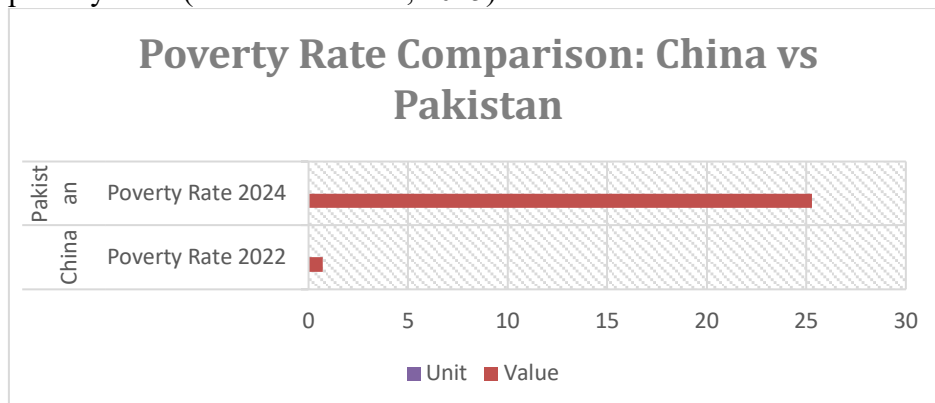
<sup>2</sup> Ms. Ayesha Sadiq is a Master student of WTO law and Economics at the University of International Business and Economics, Beijing, China. Corresponding author email: [ayshasadiq89@gmail.com](mailto:ayshasadiq89@gmail.com)



**Graph 1** compares China and Pakistan in terms of three important economic indicators: GDP growth, fixed asset investment, and GDP per capita. It shows the powerful recovery and industrial development of China and the economic problems of Pakistan, with clear statistics to be studied.

One of the key factors that has contributed to the success of China is its capability to attract foreign direct investment (FDI). The FDI inflows in China were \$163 billion in 2023, despite a 13.7% decrease compared to the previous year. This number shows the enduring attractiveness of China as an international investment destination. In 2023, FDI inflows into Pakistan were \$2.05 billion, which is a large but still relatively small figure compared to China. It means that Pakistan needs to improve its investment climate and economic policies to attract more foreign investment (*Macrotrends | The Long Term Perspective on Markets*, n.d.).

China has achieved a lot in alleviating poverty. It has lifted over 800 million people out of poverty since the early 1980s, and its poverty rate is currently at 0.7%. However, the poverty level in Pakistan has been increasing. The most recent data indicate a 25.3% rate in 2024 (Liu et al., 2020). This figure has increased due to inflation, increased unemployment, and continued social and political unrest. These statistics indicate that the inclusive-growth model has resulted in evident increases in the living standards of China, whereas Pakistan continues to fight to reduce its poverty rates (Mathlouthi et al., 2025).



**Graph 2** is a comparison of the poverty levels in China and Pakistan. It indicates that the poverty rate in China decreased to 0.7% in 2022, whereas the poverty rate in Pakistan

increased to 25.3% in 2024. These statistics show the extent to which the economic performance of the two nations varies.

There are evident gaps in economic indicators in China and Pakistan. The high growth, intensive industry, massive infrastructure development, and the emphasis on reducing poverty in China provide other countries, such as Pakistan, with many lessons that they can learn. In a nutshell, the economic policies of China provide a good example to Pakistan and other nations that are interested in modernizing their economies and improving the lives of their people (Arif & Farooq, 2012). The main objectives of this paper are as follows:

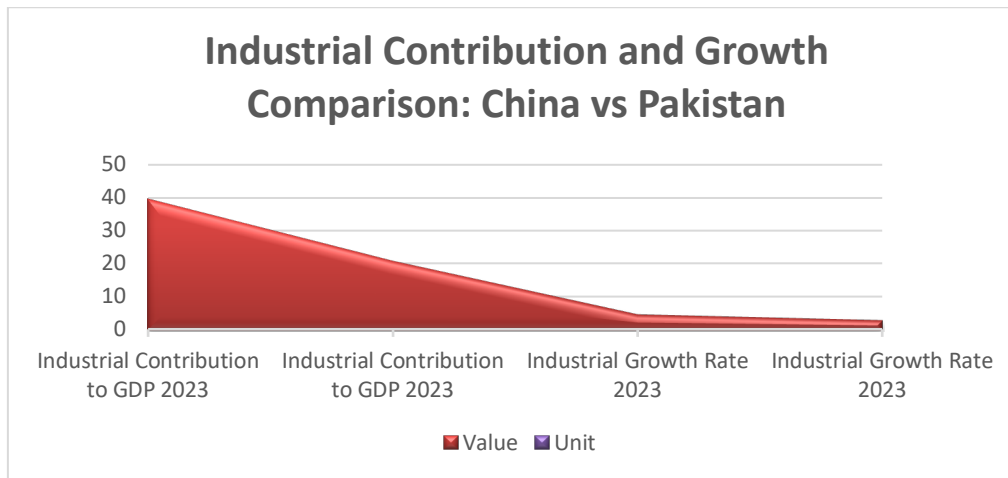
## Objectives of this study



### 2.1 Development Challenges in Pakistan: A Statistical Overview

Pakistan is a country with a population of over 255 million, but its economy is plagued by several issues that impede growth. Despite its good geographical location and natural resources, it struggles with low factory production, poor roads and power supply, limited foreign investment, and a widening gap between rural and urban areas. Also, there is a lack of skills development and innovation, which deters economic progress and sustainability (Nasir, 2024).

In 2023, the factories and other industrial businesses in Pakistan contributed to only 20.9% of the GDP of the country. This is significantly less than the 39.4% share of China in the same year. The country's industrial production growth has been modest, averaging 3.1% annually over the past decade, with a slight uptick to 4.8% in 2025 (Rathore et al., n.d.). In contrast, China's industrial sector has experienced higher growth, reflecting its successful industrialization strategies.

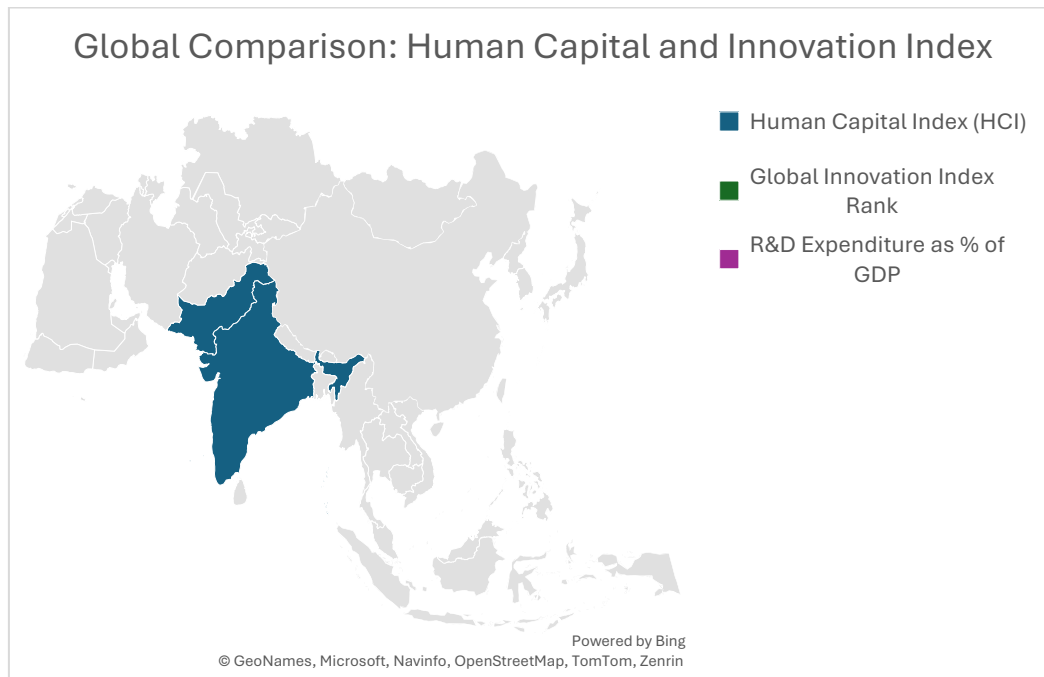


**Graph 3** compares the industrial contributions to GDP and industrial growth rates between China and Pakistan in 2023. It highlights China's higher industrial share (39.4%) compared to Pakistan's (20.9%), and the growth rates, showcasing China's more strong industrialization. Export performance is another area where Pakistan lags. In 2023, Pakistan's total exports amounted to \$35.9 billion, positioning it as the 66th largest exporter globally. This figure pales in comparison to China's exports, which reached \$3.6 trillion in the same year. Pakistan's export sector is heavily reliant on textiles, with companies like Style Textile (Pvt) Ltd and Interloop Limited leading the charge. However, the sector faces challenges such as low value-added products and limited diversification, which constrain its competitiveness in global markets (*Pakistan (PAK) Exports, Imports, and Trade Partners*, n.d.)

FDI is important for economic growth, yet Pakistan's FDI inflows remain low. In 2023, the country attracted \$2.05 billion in FDI, a 40.08% increase from 2022. While this growth is encouraging, it still represents a small fraction of China's FDI, which stood at \$163 billion in 2023. Pakistan's FDI inflows are concentrated in sectors such as construction and services, with limited diversification into high-tech industries (Tahir et al., 2020).

Infrastructure development is another critical area. Pakistan's infrastructure gap deters economic activities, particularly in rural areas. The country has initiated projects like the Infrastructure Project Development Facility to address these issues, but challenges persist in terms of financing and project execution. In comparison, China's extensive infrastructure investments have facilitated its rapid industrialization and urbanization (*BI-2023-Pakistan-PPP.Pdf*, n.d.).

Human capital is significantly lower than in countries like India, which allocates approximately 0.7% of its GDP. Human capital is a foundation of economic development (Haider et al., 2023). Pakistan's Human Capital Index (HCI) stands at 0.41, indicating that a child born today in Pakistan will be only 41% as productive as they could be if they enjoyed complete education and full health. This is lower than the South Asian average of 0.48. Factors contributing to this low HCI include high child mortality rates, low school enrollment ratios, and inadequate healthcare services. Innovation capacity is equally important for economic advancement. Pakistan ranks 88th among 132 economies in the Global Innovation Index 2023. It is strong in mobile application development and high-tech imports, but it has weaknesses in research and development (R&D) spending, which is just 0.16% of GDP (*Pakistan Shines on Global Innovation Benchmark - Business - DAWN.COM*, n.d.)



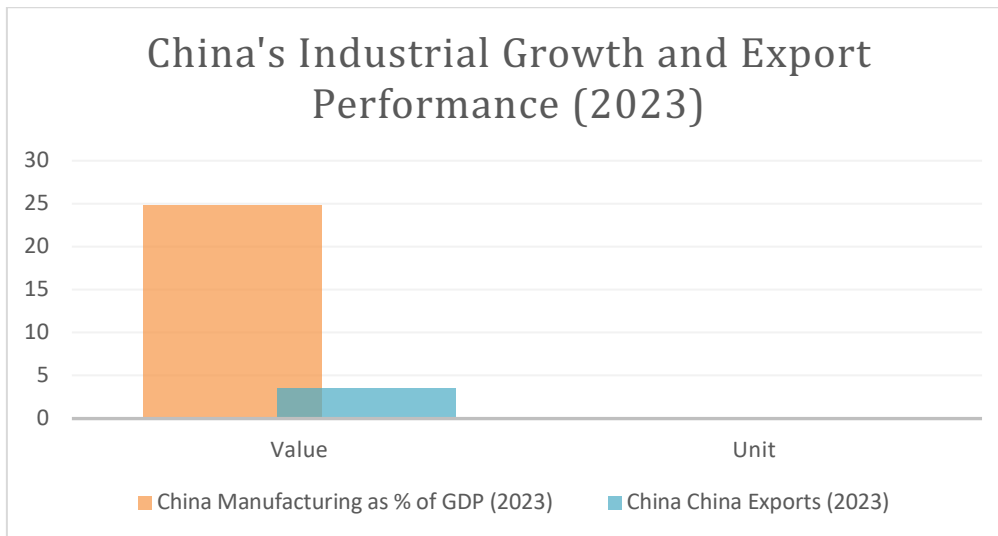
**Map Graph 4** examines human capital and innovation across regions. The Human Capital Index (HCI) in Pakistan is 0.41, which is below the South Asian average of 0.48 and India's 0.7. Pakistan is also 88th in the world in terms of innovation, and only 0.16% of its GDP is spent on R&D. This indicates evident investment gaps. The statistics show that Pakistan requires additional investment in human capital and innovation to stimulate its economy. Pakistan also has high income inequality. The wealthiest 10% of the population possesses most of the wealth in the country, with the poorest 50% owning a very small percentage. Income inequality is high as measured by the Gini coefficient. The rural-urban gap compounds the situation. The 2023 census shows that 38.8 percent of the Pakistani population resides in urban areas. Nevertheless, most rural areas are increasingly urbanized, which puts pressure on infrastructure and public services. Lack of quality education, healthcare, and employment opportunities in rural regions perpetuates poverty and impedes social mobility (*Beyond Cities, Pakistan's Countryside Is Also Mostly Urbanised Needing Public Services*, n.d.)

### 3.1 Relevant Chinese Experiences: Key Policy Strategies and Their Impact

The fast economic development of China in the past forty years offers valuable insights to other countries. Pakistan can identify policies that suit its needs by examining how China developed its industries, increased exports, opened its doors to foreign direct investment (FDI), enhanced its infrastructure, enhanced human capital, promoted innovation, and alleviated poverty (Sadiq & Haider, 2025)

#### 3.1.1 Industrialization and Export Growth

The industrial sector in China has been the driving force behind the economic development of the nation. In 2023, manufacturing contributed approximately 24.86% of the Chinese GDP and generated a value-added output of 4.67 trillion dollars, or 29% of the world's manufacturing output. This is a strength that demonstrates that China is committed to industrialization as a major driver of development. China is booming in industry and is the largest exporter in the world. In 2023, the exports of China decreased by 5.5 % to 3.51 trillion dollars. Despite this decline, export-led growth remains a source of economic growth in China (Zhou, 2023).



**Graph 5** shows that in 2023, the manufacturing industry contributed 24.86% to the GDP of China and generated goods and services valued at 4.67 trillion dollars, or 29% of world manufacturing. China also remained the largest exporter in the world with exports of goods worth 3.51 trillion, a decline of 5.5% compared to the previous year. These figures indicate that industrialization and export-led growth remain central components of the Chinese economic strategy.

Infrastructure investment has been pivotal in China's economic strategy. In 2023, fixed asset investment reached \$7.3 trillion, with significant allocations to transportation, energy, and urban development. Projects like the Belt and Road Initiative (BRI) exemplify China's commitment to infrastructure expansion. For instance, in 2023, China invested approximately \$92.4 billion in BRI projects across 61 countries (WANG, 2024). Recognizing the importance of human capital, China has invested in education and healthcare to enhance productivity. The Human Capital Index (HCI) measures the potential productivity of the next generation. China's HCI reflects substantial investments in education and health, contributing to a skilled workforce. China has made significant strides in innovation, ranking 12th globally in the 2023 Global Innovation Index. The country excels in knowledge and technology outputs, including the number of valid invention patents and high citation rates of scientific papers. These achievements are the result of targeted investments in research and development (Boland et al., 2024). China's remarkable economic transformation over the past four decades offers valuable insights for developing countries like Pakistan. However, the successful implementation of China's economic policies in Pakistan requires careful consideration of both the similarities and differences in their respective institutional, economic, and social conditions.

### 3.2 Relevance and Potential Benefits of China's Experience for Pakistan:

#### 3.2.1 Industrialization and Export-Led Growth:

China's industrialization has been the basis of its economic growth. Pakistan can increase its manufacturing contribution to the national GDP, expand its export base, and reduce its reliance on textile exports by copying China in its journey to industrialization. China has achieved success following massive investment in infrastructure, education and training, and new technologies, as well as improved systems of government to facilitate this growth (Jin, 2020). Before Pakistan could achieve the same results, it would require similar efforts.

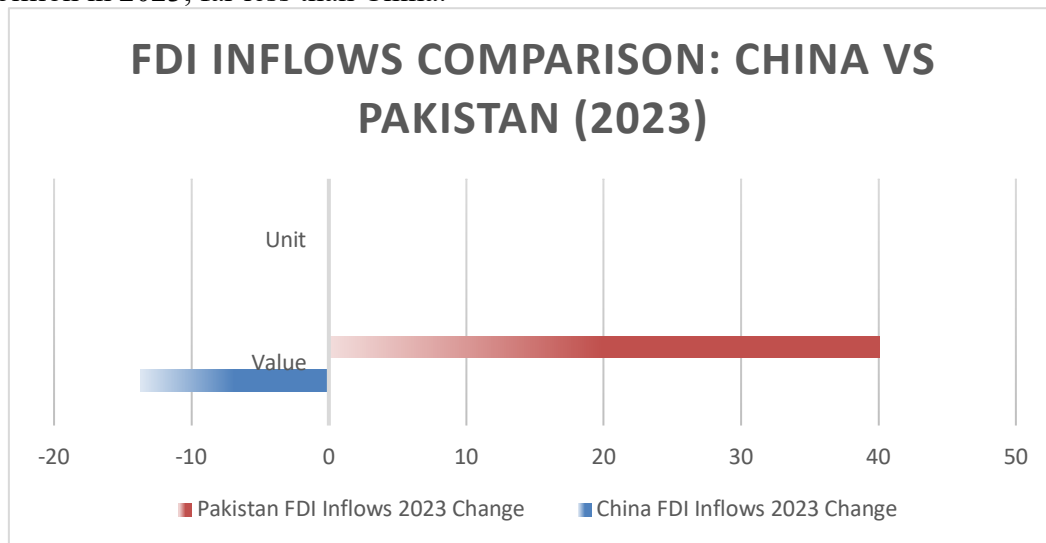
**Statistical Insights:**

Country	Indicator	Value	Unit	Additional Info
China	Manufacturing Sector Value (2023)	\$4.67	Trillion USD	29% of global manufacturing output
Pakistan	Industrial Contribution to GDP (2023)	20.9	%	Challenges in diversifying beyond textiles and agriculture

Pakistan can replicate the strategy of China to expand its industry. This would increase the proportion of manufacturing in GDP, diversify its exports, and reduce the dependence of the country on textiles. To achieve this, Pakistan will have to invest heavily in infrastructure, power, invest in well-trained workers, and embrace new technology. The government should also improve its management in order to ensure that the industry grows.

**3.2.2 Foreign Direct Investment (FDI) Attraction:**

China continues to attract a substantial amount of foreign investment, and that has contributed to its development. It generated 163 billion dollars in 2023, despite the unstable world economy (Afzal et al., 2025). The country relies on stable policies, a massive market, and a constantly expanding middle-income population to lure investors. In comparison, Pakistan earned only 2.05 billion in 2023, far less than China.



**Graph 6** shows that in 2023, FDI inflows in China decreased by 13.7%, and FDI inflows in Pakistan increased by 40.08%. Despite this development, FDI inflows in Pakistan remain much lower than in China, which means that Pakistan requires additional changes to its investment game.

China has a strategy that Pakistan can follow in attracting FDI, particularly through the creation of a conducive investment environment, improving the rule of law, and providing incentives to foreign investors. To follow the success of FDI in China in Pakistan, the business environment will need to be improved, and structural issues like corruption, energy crisis, and unstable regulatory policies will need to be addressed (Sadia Bano et al., 2019).

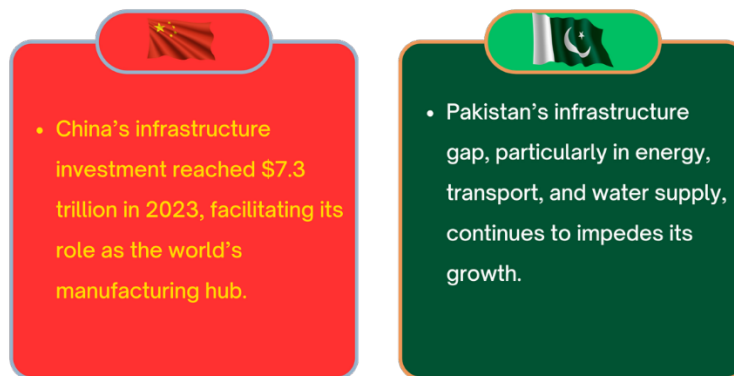
**3.2.3 Infrastructure Development and Connectivity:**

The primary objective of China is to continue upgrading its roads, railways, ports, and power plants. It invests in these projects since they contribute to the rapid development of the economy. The Belt and Road Initiative (BRI), which was launched in 2013, is a

good example. This mega plan attempts to establish stronger links between China and most other regions of the world (L. Ahmad et al., 2025).

**Statistical Insights:**

## INFRASTRUCTURE DEVELOPMENT AND CONNECTIVITY

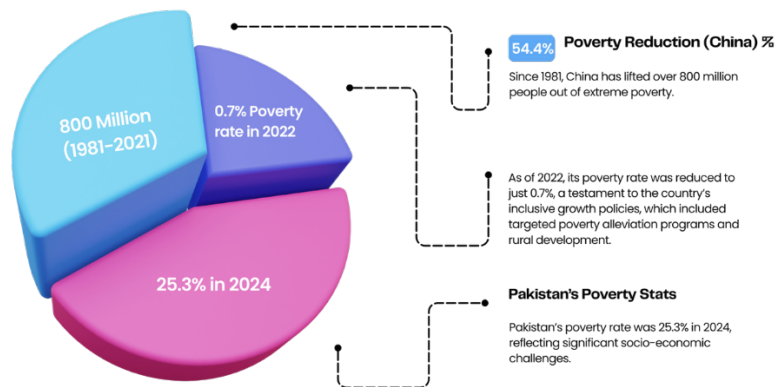


Belt and Road Initiative (BRI) includes the China-Pakistan Economic Corridor (CPEC), which demonstrates how Pakistan and China can collaborate to enhance roads, bridges, and other connections. Nevertheless, such programs can only be successful in Pakistan when the government remains stable, when the project managers are competent, and when sufficient funds are available. China can invest heavily in infrastructure, yet Pakistan must also construct roads and railways in a manner that is equitable, sustainable, and accessible to all citizens (L. Ahmad et al., 2025).

### 3.2.4 Poverty Reduction and Inclusive Growth:

China has pulled over 800 million people out of abject poverty since 1981. By 2022, the poverty rate had been reduced to 0.7%. This was attained by the country through inclusive growth policies, which integrated poverty alleviation programs with rural development (Brown, 2021).

**PAK, CHINA POVERTY STATS**



The social welfare systems in Pakistan are underfunded, and corruption is a significant challenge in the provision of public services. To make the poverty reduction model of China work in Pakistan, it needs to improve its social protection systems and governance in the rural regions (Z. Shah, 2024).

**4.1 Limitations and Challenges in Applying China's Experience to Pakistan:**

**4.1.1 Political Instability and Governance Issues:**

China has a fairly stable political system, which is centrally led by the Communist Party. The politics of Pakistan, however, is characterized by a high rate of government turnover and a powerful military. This instability complicates the ability of Pakistan to implement long-term economic policies, including industrialization and foreign direct investment (Schurmann, 2022).

**PAK-CHINA POLITICAL STABILITY COMPARISON**



The political instability in Pakistan is a significant challenge in attempting to follow the Chinese model since the frequent changes in leadership make it uncertain. The centralized

long-term planning style of China enables it to concentrate and remain steady in its policies (I. Ahmad et al., 2024).

#### 4.1.2 Institutional and Regulatory Challenges:

China has established effective institutions that facilitate its economic development, including effective regulatory agencies, a well-performing legal system, and effective state-owned enterprises (Sasidharan, 2020). Pakistan, however, has severe institutional problems, such as poor law enforcement, corruption, and ineffective government services.

**Statistical Insights:**

### PAK-CHINA INSTITUTIONAL AND REGULATORY CHALLENGES



Institutional strength is what determines the effectiveness of the economic policies in China (H. Ullah et al., 2024). Pakistan will have to make wholesome institutional reforms to ensure that governance is more transparent, efficient, and accountable.

#### 4.1.3 Social and Cultural Differences:

China and Pakistan have very different socio-cultural fabrics. A centralized government and a relatively homogeneous population have helped China in its policies, whereas the diverse ethnic and regional composition of Pakistan presents a unique challenge in the implementation of policies. Also, population policies in China, which have been aimed at regulating demographic growth, cannot be directly applied to Pakistan, where demographic growth is still high (Asif et al., 2021).

**Statistical Insights:**

### SOCIAL AND CULTURAL DIFFERENCES



The demographic policies of China contributed to its economic prosperity, whereas the population growth rate in Pakistan is higher, which poses challenges that require alternative methods of resource allocation and social planning.

### **5.1 Critical Analysis**

This paper compares the economies of China and Pakistan based on four key indicators, namely, industrial growth, foreign direct investment (FDI), poverty reduction, and human capital. Although the comparison elicits valuable information, it also reveals that most of the economic policies in China would not be applicable in Pakistan since the two states are very different. These issues are discussed in more detail in the article, verifying the facts, asking whether the success of China can be beneficial to Pakistan, and considering how Chinese policies can be modified to suit the needs of Pakistan.

China is industrially powerful. Its manufacturing facilities and plants contribute nearly 40 percent of the Chinese GDP, or \$4.67 trillion, and approximately 29% of the global manufacturing value (Pauly, 2018). The industry in Pakistan constitutes just 20.9% (Khokhar et al., 2020). While the figures clearly show China's industrial strength, the question arises: Can Pakistan replicate this industrial success? The short answer is that industrial success in China was not only about policy but also about timing, infrastructure, and a focused development strategy. China's industrialization was strategically supported by the government, leveraging its cheap labor force, massive domestic market, and export-driven policies. Pakistan, however, faces challenges such as political instability, poor infrastructure, and a lack of skilled labor, which makes it difficult to replicate China's model exactly (Abbas & Sultan, 2023). While the article rightly highlights the need for industrial diversification, it misses the importance of state-led initiatives, such as state-owned enterprises (SOEs), which played a key role in China's industrial growth. Pakistan needs to focus not only on infrastructure development but also on fostering innovation within its industries, which has been a key pillar of China's success.

The article compares the FDI inflows of China and Pakistan, noting that China attracted \$163 billion in 2023, despite a 13.7% decline from the previous year, while Pakistan's FDI grew by 40.08%, reaching \$2.05 billion. The article implies that Pakistan's FDI increase is a positive sign, yet it also highlights the large gap between the two countries. What does this disparity indicate about Pakistan's ability to foster sustainable economic growth? The stark contrast in FDI figures suggests that while Pakistan has made some progress in attracting foreign investment, it is still far behind China. The question to consider here is: why is Pakistan struggling to attract more FDI? The answer lies in Pakistan's challenging business environment, characterized by regulatory inconsistencies, political instability, and security concerns. While the article mentions Pakistan's improving FDI inflows, it does not critically address the systemic issues that prevent Pakistan from capitalizing on its geographic location, natural resources, and market potential. For Pakistan to significantly increase its FDI inflows, it must undertake deep reforms to improve its governance, legal frameworks, and ease of doing business. Furthermore, Pakistan needs to focus on attracting FDI in high-value industries like technology and green energy, rather than relying heavily on low-value sectors like textiles and construction (Igbal, 2025).

A central theme in the article is China's success in poverty reduction, having lifted over 800 million people out of poverty, reducing its poverty rate to 0.7% by 2022. In contrast, Pakistan's poverty rate has been rising, with the latest estimates indicating a poverty rate of 25.3% in 2024. While the article highlights the effectiveness of China's poverty alleviation programs, the critical question remains: Can Pakistan follow China's approach to poverty

reduction? The question is not whether Pakistan can reduce poverty, but whether the specific policies China used can work in Pakistan's context. The success of poverty alleviation in China was due to the rapid industrialization, rural development, education, healthcare, and a strong social safety net (Chong et al., 2022). The government introduced specific social programs, enhanced infrastructure, and promoted the development of the private sector. Pakistan faces other problems: political instability, poor governance, and over-reliance on foreign aid. These problems hinder the pace of poverty alleviation. Although initiatives such as the Benazir Income Support Program (BISP) are promising, they are not big enough to have a significant impact (Patoli et al., 2024). Pakistan requires basic reforms in governance and an increase in targeted interventions, particularly rural development, access to education, and healthcare, to alleviate poverty (Haider et al., 2024). The Chinese experience is a lesson in itself: poverty reduction must be multidimensional and must involve economic development, social well-being, and governance.

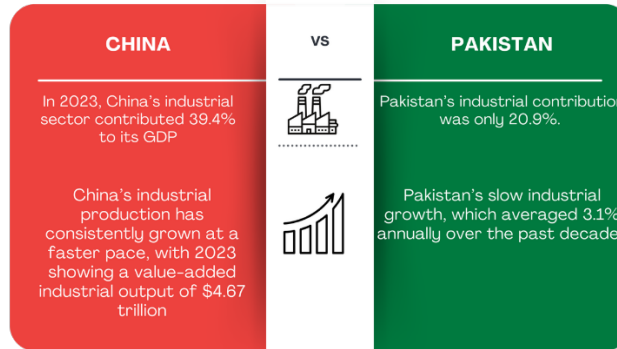
China has lifted millions of people out of poverty as it has developed rapidly in industry, reinforced its agricultural land, increased schooling and healthcare, and created a strong social safety net. Special programs were organized by the government, roads and other infrastructure were improved, and the government stimulated the development of the private business. Pakistan is ranked 88th in the Global Innovation Index. The nation invests a mere 0.16% of its GDP in research and development (R&D). The big question, therefore, is: How can Pakistan increase its innovation capacity to drive economic growth and compete in the technology-driven global economy? Pakistan is not advancing economically due to a lack of innovation. The low expenditure on R&D indicates a poor basis for an innovation ecosystem capable of technological advancement (S. Ullah et al., 2023). To correct this, Pakistan needs to spend far more on R&D, with an eventual target of 1% of GDP, as in China and India. Tax credits, grants, and university and research institution partnerships should also be used to draw the private sector into the effort. The high performance of China in terms of innovation demonstrates the importance of investing in technology, safeguarding intellectual property rights, and developing technology centers such as Shenzhen. Pakistan can do the same by establishing innovation clusters, improving venture capital accessibility, and developing an entrepreneurial culture.

### **6.1 Policy Recommendations: A Path Forward for Pakistan's Economic Growth**

Pakistan is experiencing many development issues, and thus, it requires clear and evidence-based policies that can spur sustainable economic growth (Zeewaqaar, 2024). The experience of China demonstrates the promising directions, yet every country has its own situation. Applying those lessons and adapting them to the reality of Pakistan can provide a way forward on such issues as industrialization, foreign direct investment, infrastructure development, human capital development, innovation, and poverty reduction. The following recommendations provide a comprehensive plan with statistics to support every proposal.

### 6.1.1 Industrialization and Export Diversification

#### INDUSTRIALIZATION AND EXPORT DIVERSIFICATION

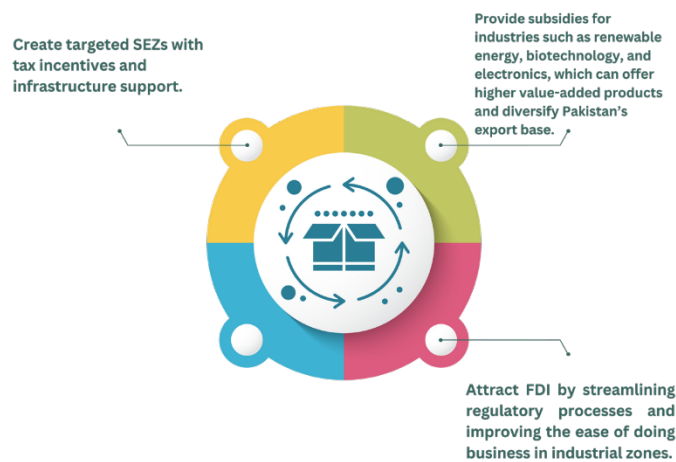


#### Recommendation:

Pakistan needs to shift to an industrial strategy, such as that of China, and expand high-value goods such as electronics, automobiles, and pharmaceuticals. Special Economic Zones (SEZs) must be established in strategic areas, just like the industrial parks in China, which have enhanced its export growth. The manufacturing export value of China increased to 3.6 trillion in 2023, which is evidence that these zones can be used to attract local and foreign investments (Liaquat et al., 2025).

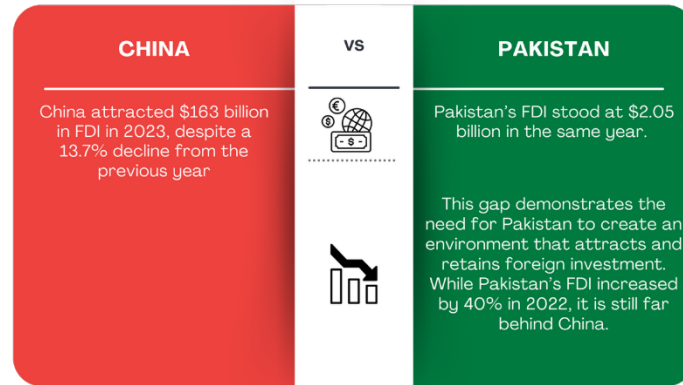
#### Implementation Strategy:

#### IMPLEMENTATION STRATEGY



### 6.1.2 Attracting Foreign Direct Investment (FDI)

#### ATTRACTING FOREIGN DIRECT INVESTMENT (FDI)

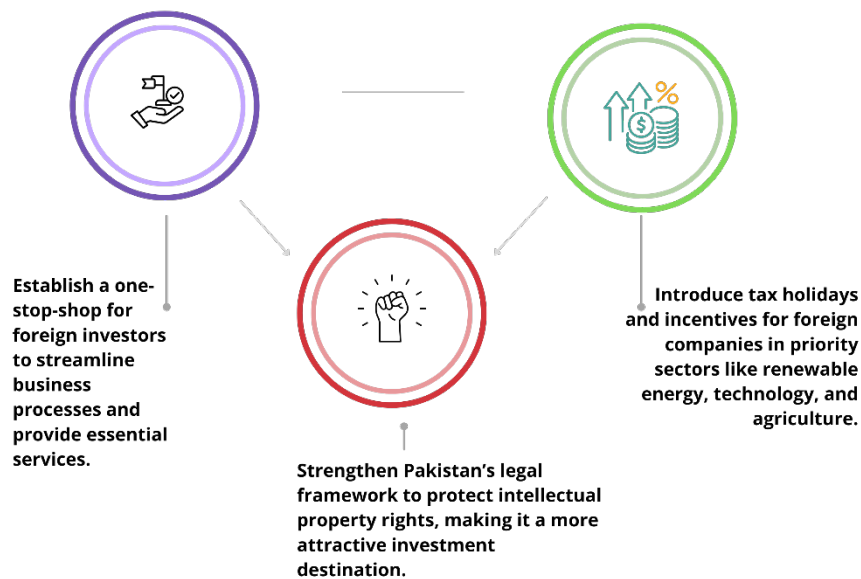


#### Recommendation:

Pakistan should complete institutional reforms to facilitate the ease of doing business. The government ought to make business registration easier. Foreign investors will be more willing to come in case the regulatory system is transparent and fair, which means that corruption is eliminated and bureaucratic delays are reduced (S. M. Shah & ul Haq, 2021).

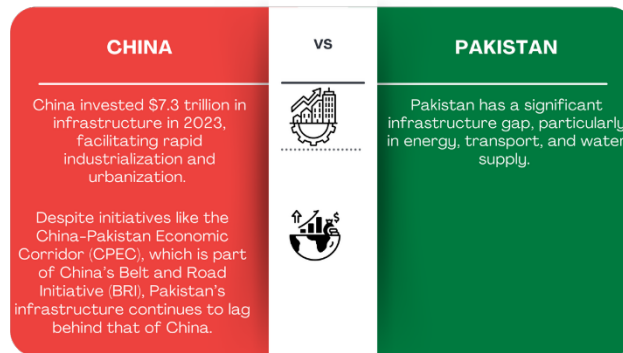
#### Implementation Strategy:

#### Implementation Strategy



### 6.1.3 Infrastructure Development: Filling the Gap

#### INFRASTRUCTURE DEVELOPMENT: FILLING THE GAP



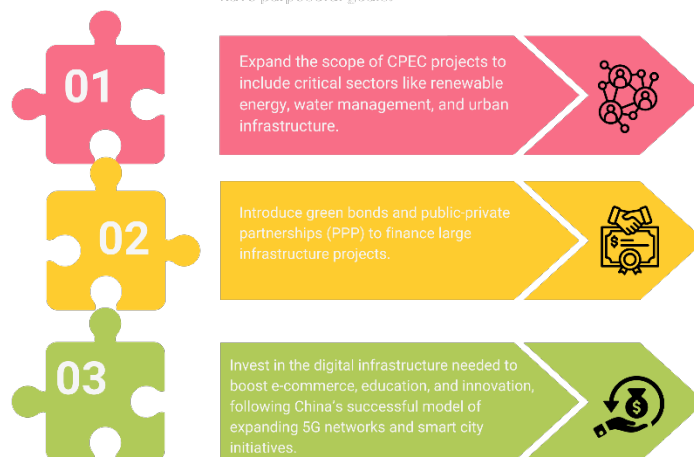
#### Recommendation:

Pakistan needs to invest more in infrastructure, both domestic funds and foreign funds. The government ought to construct green and sustainable infrastructure, including solar and wind power plants, improved railways, and more efficient water supply systems. Smart cities and digital networks should also be supported by the policy to allow new technology industries to develop (Aslam et al., 2022).

#### Implementation Strategy:

### Implementation Strategy

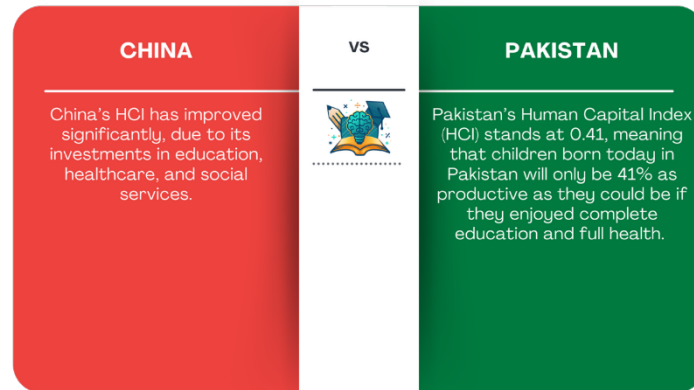
have purposeful goals.



### 6.1.4 Human Capital Development: Building the Workforce of the Future

#### Statistical Context:

**BUILDING THE WORKFORCE OF THE FUTURE**

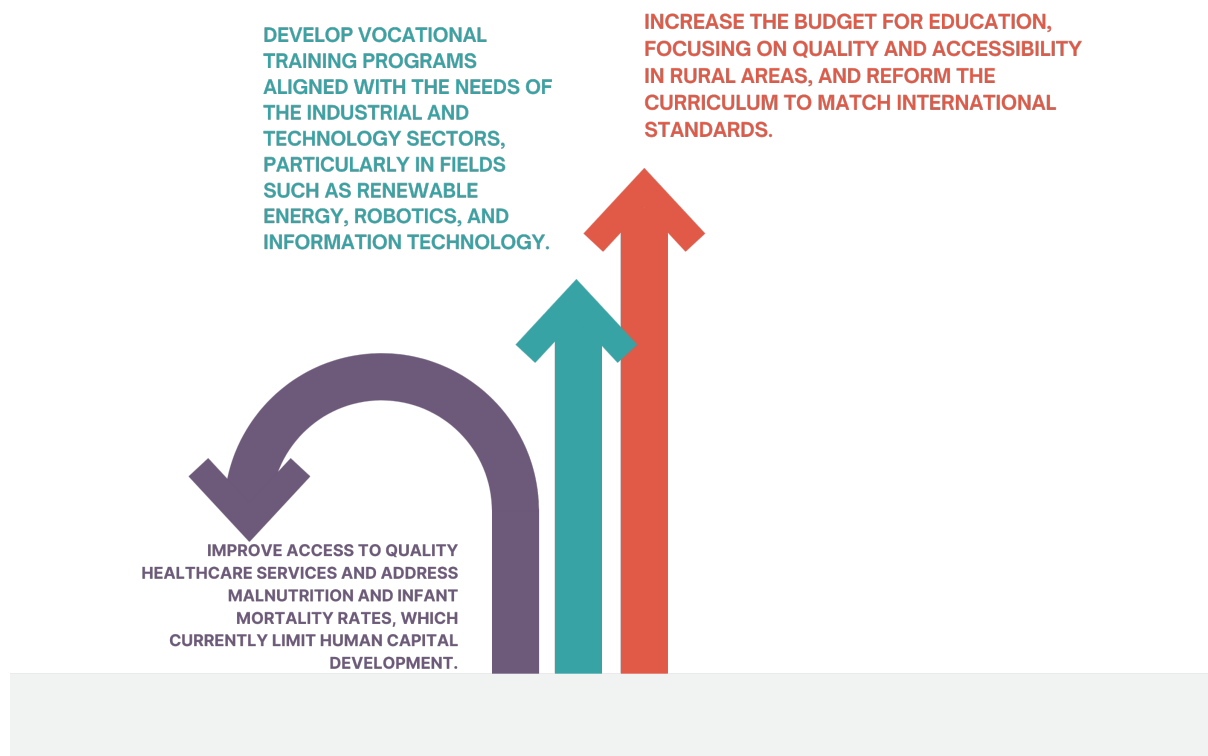


**Recommendation:**

Pakistan should focus more on education and health care. The first is to invest more in schools. It invests a mere 2.3% of its GDP in education. Schools should get a bigger portion of the income. All children, regardless of their location, should have a good education. It must also invest in training people to get jobs in areas that require technology (Kousar et al., 2023).

**Implementation Strategy:**

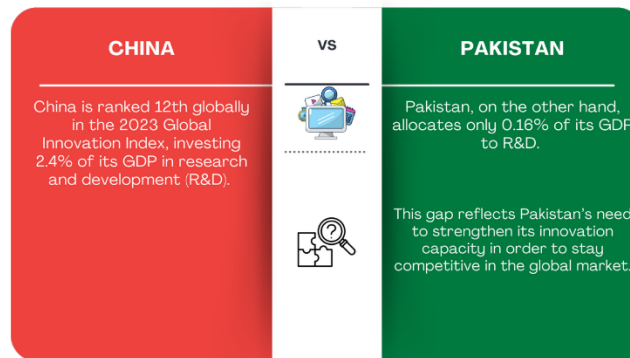
**IMPLEMENTATION STRATEGY**



### 6.1.5 Innovation and Technological Advancement

#### Statistical Context:

#### INNOVATION AND TECHNOLOGICAL ADVANCEMENT



#### Recommendation:

Pakistan requires a national innovation policy that promotes research and development, assists new companies, and expands technology-based industries. This can be achieved by public-private partnerships, technology incubators, and innovation hubs such as the Silicon Valley-like technology zones in cities like Shenzhen in China (Khalid & Qureshi, 2020).

#### Implementation Strategy:

#### IMPLEMENTATION STRATEGY

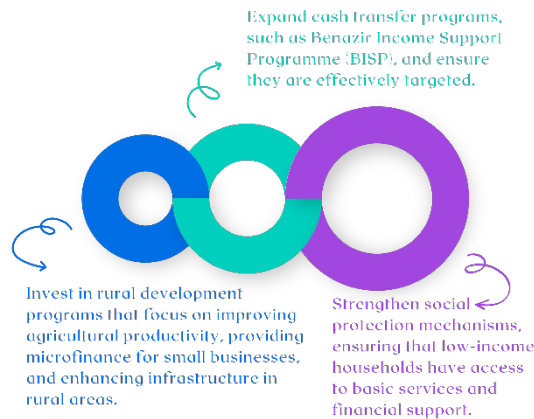


### 6.1.6 Poverty Reduction: Ensuring Inclusive Growth

Pakistan should develop poverty alleviation schemes that assist the most needy groups, particularly in rural regions. Such programs are supposed to enhance accessibility to education, healthcare, housing, and economic opportunities. Social safety nets are also required in the country to reduce the effects of economic shocks on low-income families (Baqir, 2018).

## Implementation Strategy:

### IMPLEMENTATION STRATEGY



## Conclusion:

To move forward, Pakistan needs to rethink its approach to economic development. While looking at China's success is helpful, it is important to recognize that every country has its unique challenges and opportunities. Pakistan's path to growth would not come from simply copying another country's model but from understanding its own strengths and weaknesses. A major focus should be on creating an environment that supports innovation and local entrepreneurship (*Beyond the Books*, n.d.). This means investing in education, technology, and infrastructure, while also encouraging new ideas and businesses. Pakistan needs to make these changes in a way that works for its own people, taking into account its social and cultural context. Also, the country's challenges, like political instability, corruption, and security concerns, need to be addressed for any long-term growth to happen. Strong leadership, effective governance, and a commitment to transparency will be important to make reforms work. Instead of expecting quick fixes, Pakistan should aim for steady, sustainable growth that builds a strong, self-reliant economy for the future.

## References

- Abbas, A., & Sultan, M. M. (2023). Pakistan's economic recovery in the midst of growing political instability: A classical case. *PalArch's Journal of Archaeology of Egypt/Egyptology*, 20(2), 672–688. [https://www.researchgate.net/profile/Ali-Abbas-105/publication/373644409\\_PAKISTAN'S\\_ECONOMIC\\_RECOVERY\\_IN\\_THE\\_MIDST\\_OF\\_GROWING\\_POLITICAL\\_INSTABILITY\\_A\\_CLASSICAL\\_CASE\\_PJAE\\_20\\_2\\_2023\\_PAKISTAN'S\\_ECONOMIC\\_RECOVERY\\_IN\\_THE\\_MIDST\\_OF\\_GROWING\\_POLITICAL\\_INSTABILITY\\_A\\_CLASSICAL\\_CASE/links/64f5aed648c07f3da3d6a212/PAKISTANS-ECONOMIC-RECOVERY-IN-THE-MIDST-OF-GROWING-POLITICAL-INSTABILITY-A-CLASSICAL-CASE-PJAE-20-2-2023-PAKISTANS-ECONOMIC-RECOVERY-IN-THE-MIDST-OF-GROWING-POLITICAL-INSTABILITY-A-CLASSICAL-CASE.pdf](https://www.researchgate.net/profile/Ali-Abbas-105/publication/373644409_PAKISTAN'S_ECONOMIC_RECOVERY_IN_THE_MIDST_OF_GROWING_POLITICAL_INSTABILITY_A_CLASSICAL_CASE_PJAE_20_2_2023_PAKISTAN'S_ECONOMIC_RECOVERY_IN_THE_MIDST_OF_GROWING_POLITICAL_INSTABILITY_A_CLASSICAL_CASE/links/64f5aed648c07f3da3d6a212/PAKISTANS-ECONOMIC-RECOVERY-IN-THE-MIDST-OF-GROWING-POLITICAL-INSTABILITY-A-CLASSICAL-CASE-PJAE-20-2-2023-PAKISTANS-ECONOMIC-RECOVERY-IN-THE-MIDST-OF-GROWING-POLITICAL-INSTABILITY-A-CLASSICAL-CASE.pdf)
- Afzal, J., Mathlouthi, N., Rahal, M. S., Yongmei, C., Haider, A., & Afzal, M. A. (2025). Statistical Analysis of Foreign Investment Using Neutrosophic Interval Based Approach. *Neutrosophic Sets and Systems*, 79(1), 14. [https://digitalrepository.unm.edu/nss\\_journal/vol79/iss1/14/](https://digitalrepository.unm.edu/nss_journal/vol79/iss1/14/)



- Ahmad, I., Haider, A., & Afzal, J. (2024). The Geopolitical and Economic Impact of BRICS on the Middle East. *FWU Journal of Social Sciences*, 18(4), 80–95. [https://www.researchgate.net/profile/Aftab-Haider-3/publication/387663966\\_The\\_Geopolitical\\_and\\_Economic\\_Impact\\_of\\_BRICS\\_on\\_the\\_Middle\\_East/links/6776b2d0117f340ec3ee4829/The-Geopolitical-and-Economic-Impact-of-BRICS-on-the-Middle-East.pdf](https://www.researchgate.net/profile/Aftab-Haider-3/publication/387663966_The_Geopolitical_and_Economic_Impact_of_BRICS_on_the_Middle_East/links/6776b2d0117f340ec3ee4829/The-Geopolitical-and-Economic-Impact-of-BRICS-on-the-Middle-East.pdf)
- Ahmad, L., Haider, A., Ahmad, I., & Jawad, A. (2025). Can CPEC Unlock Pakistan's Economic Potential and Overcome Its Challenges? *Journal of Asian Development Studies*, 14(1), 1361–1372. <https://poverty.com.pk/index.php/Journal/article/view/1153>
- Arif, G. M., & Farooq, S. (2012). Poverty reduction in Pakistan: Learning from the experience of China. *Pakistan Institute of Development Economics (PIDE) Monograph Series, Islamabad*. <https://file.pide.org.pk/pdfpideresearch/ms-05-poverty-reduction-in-pakistan-learning-from-the-experience-of-china.pdf>
- Asif, M., Ali, M., M'Begniga, A., Guoqing, Z., Yang, L., & Hashim, M. (2021). China-Pakistan economic corridor: Analytical overview on socio-cultural romance between China and Pakistan. *Randwick International of Social Science Journal*, 2(4), 492–508. <https://www.academia.edu/download/96621087/301.pdf>
- Aslam, H., Nazir, A., & Zia, U. (2022). *Pakistan's Way Forward Towards a Green Economy: Perspectives for a Clean Energy Transition*. Sustainable Development Policy Institute. <https://sdpi.org/assets/lib/uploads/Towards-Green-Economy-in-Pakistan-Perspectives-for-Clean-Energy-Transition-w-192.pdf>
- Baqir, F. (2018). *Poverty alleviation and poverty of aid: Pakistan*. Taylor & Francis. <https://www.taylorfrancis.com/books/mono/10.4324/9780429463075/poverty-alleviation-poverty-aid-fayyaz-baqir>
- Beyond Cities, Pakistan's Countryside Is Also Mostly Urbanised Needing Public services*. (n.d.). Retrieved August 18, 2025, from [https://thefridaytimes.com/26-Apr-2025/beyond-cities-pakistan-s-countryside-is-also-mostly-urbanised-needing-public-services?utm\\_source=chatgpt.com](https://thefridaytimes.com/26-Apr-2025/beyond-cities-pakistan-s-countryside-is-also-mostly-urbanised-needing-public-services?utm_source=chatgpt.com)
- Beyond the Books: Real World Challenges in Implementing Environmental Laws in Pakistan*. (n.d.). Retrieved September 2, 2025, from [https://scholar.google.com/citations?view\\_op=view\\_citation&hl=en&user=4i9nPSYAAAAJ&citation\\_for\\_view=4i9nPSYAAAAJ:L8Ckcad2t8MC](https://scholar.google.com/citations?view_op=view_citation&hl=en&user=4i9nPSYAAAAJ&citation_for_view=4i9nPSYAAAAJ:L8Ckcad2t8MC)
- Boland, B., Dong, K., Blanchette, J., Hass, R., & Ye, E. (2024). *How China's Human Capital Impacts Its National Competitiveness*. <https://www.csis.org/analysis/how-chinas-human-capital-impacts-its-national-competitiveness>
- Brown, W. N. (2021). *Chasing the Chinese dream: Four decades of following China's war on poverty*. Springer Nature. <https://library.oapen.org/handle/20.500.12657/49537>
- Chong, C., Cai, M., & Yue, X. (2022). Focus shift needed: From development-oriented to social security-based poverty alleviation in rural China. *Economic and Political Studies*, 10(1), 62–84. <https://doi.org/10.1080/20954816.2022.2031514>
- Haider, A., Ali, A., & Zubair, M. (2023). Chasing Dragons in the Dragon's Land: A Convoluted Struggle with Drugs and Deviance in Modern China. *Asketik J. Agama Dan Perubahan Sos*, 7(2), 322–343. [https://www.researchgate.net/profile/Aftab-Haider-3/publication/378365788\\_Chasing\\_Dragons\\_in\\_the\\_Dragon's\\_Land\\_A\\_Convoluted\\_Struggle\\_with\\_Drugs\\_and\\_Deviance\\_in\\_Modern\\_China/links/65d64a51adf2362b634b161d/Chasing-Dragons-in-the-Dragons-Land-A-Convoluted-Struggle-with-Drugs-and-Deviance-in-Modern-China.pdf](https://www.researchgate.net/profile/Aftab-Haider-3/publication/378365788_Chasing_Dragons_in_the_Dragon's_Land_A_Convoluted_Struggle_with_Drugs_and_Deviance_in_Modern_China/links/65d64a51adf2362b634b161d/Chasing-Dragons-in-the-Dragons-Land-A-Convoluted-Struggle-with-Drugs-and-Deviance-in-Modern-China.pdf)
- Haider, A., Rana, M. Z. R., & Anwaar, K. (2024). The Democracy Mirage in the Wake of the Arab Spring: Legal Perspectives on External Dynamics. *Pakistan JL Analysis & Wisdom*, 3, 20. [https://heinonline.org/hol-cgi-bin/get\\_pdf.cgi?handle=hein.journals/pknj10lw3&section=70](https://heinonline.org/hol-cgi-bin/get_pdf.cgi?handle=hein.journals/pknj10lw3&section=70)



- Iqbal, S. (2025). The FDI Regime in Pakistan. *Business Law International*, 26(1), 49-64A. <https://akhundforbes.com/wp-content/uploads/2025/03/3-The-FDI-regime-in-Pakistan.pdf>
- In 2023, the economy of Pakistan contracted by 0.04 % following a 4.78 % increase in 2022. - Google Search. (n.d.). Retrieved August 18, 2025, from [https://www.google.com/search?q=In+2023%2C+the+economy+of+Pakistan+contracted+by+0.04+%25+following+a+4.78+%25+increase+in+2022.&rlz=1C5CHFA\\_en\\_1155\\_1155&oq=In+2023%2C+the+economy+of+Pakistan+contracted+by+0.04+%25+following+a+4.78+%25+increase+in+2022.&gs\\_lcrp=EgZjaHJvbWUyBggAEEUYOTIGCAEQRRg80gEHODcxajBqN6gCALACAA&sourceid=chrome&ie=UTF-8](https://www.google.com/search?q=In+2023%2C+the+economy+of+Pakistan+contracted+by+0.04+%25+following+a+4.78+%25+increase+in+2022.&rlz=1C5CHFA_en_1155_1155&oq=In+2023%2C+the+economy+of+Pakistan+contracted+by+0.04+%25+following+a+4.78+%25+increase+in+2022.&gs_lcrp=EgZjaHJvbWUyBggAEEUYOTIGCAEQRRg80gEHODcxajBqN6gCALACAA&sourceid=chrome&ie=UTF-8)
- Jin, B. (2020). *China's Path of Industrialization: Endeavors and Inclusiveness*. Springer Singapore. <https://doi.org/10.1007/978-981-15-1506-4>
- Khalid, M. U., & Qureshi, J. A. (2020). The strategic role of public policies in technological innovation in Pakistan and lessons learnt from advanced countries: A comparative literature review. *Journal of Organizational Behavior Research*, 5(1–2020), 212–232. <https://odad.org/article/the-strategic-role-of-public-policies-in-technological-innovation-in-pakistan-and-lessons-learnt-from-advanced-countries-a-comparative-literature-review>
- Khan, Z., Changgang, G., & Afzaal, M. (2020). China-Pakistan Economic Corridor at the Cross Intersection of China, Central Asia and South Asia: Opportunities for Regional Economic Growth. *The Chinese Economy*, 53(2), 200–215. <https://doi.org/10.1080/10971475.2019.1688005>
- Khokhar, M., Iqbal, W., Hou, Y., Abbas, M., & Fatima, A. (2020). Assessing supply chain performance from the perspective of Pakistan's manufacturing industry through social sustainability. *Processes*, 8(9), 1064. <https://www.mdpi.com/2227-9717/8/9/1064>
- Kousar, S., Ahmed, F., Afzal, M., & Segovia, J. E. (2023). Is government spending in the education and health sector necessary for human capital development? *Humanities and Social Sciences Communications*, 10(1), 1–11. <https://www.nature.com/articles/s41599-023-01514-3>
- Liaquat, N. H., Ahmad, S., Malik, M. N., Bangash, A. K., & Islam, M. U. (2025). Evaluation of SEZs policies, implications, and its impact on industrialization in KP under CPEC. *Khyber Journal of Public Policy*, 4(1). <https://nipapeshawar.gov.pk/KJPPM/PDF/CIP/RG-2.pdf>
- Liu, M., Feng, X., Wang, S., & Qiu, H. (2020). China's poverty alleviation over the last 40 years: Successes and challenges. *Australian Journal of Agricultural and Resource Economics*, 64(1), 209–228. <https://doi.org/10.1111/1467-8489.12353>
- Macrotrends | *The Long Term Perspective on Markets*. (n.d.). Retrieved August 18, 2025, from <https://www.macrotrends.net>
- Mathlouthi, N., Haider, A., Khan, A., & Ahmad, N. (2025). The role of Hainan Free Trade Port in shaping China's WTO commitments and international trade policies. *China and WTO Review*, 11(1), 71–82. <http://cwto.net/index.php/CWR/article/view/269>
- Nasir, J. (2024). *Development Challenges of Pakistan: Constraints and Choices*. Springer Nature Singapore. <https://doi.org/10.1007/978-981-97-3064-3>
- Pakistan (PAK) Exports, Imports, and Trade Partners*. (n.d.). The Observatory of Economic Complexity. Retrieved August 18, 2025, from <https://oec.world/en/profile/country/pak>
- Pakistan shines on global innovation benchmark—Business—DAWN.COM*. (n.d.). Retrieved August 18, 2025, from [https://www.dawn.com/news/1779948?utm\\_source=chatgpt.com](https://www.dawn.com/news/1779948?utm_source=chatgpt.com)
- Patoli, A. Q., Lal, S., & Sand, W. A. (2024). Assessing the Multifaceted impact of the Benazir income support program (BISP) on poverty: A case study of Taluka Sindhri, Mirpurkhs District. *Journal of Business and Management Research*, 3(1), 333–351. <http://jbmr.com.pk/index.php/Journal/article/view/115>
- Pauly, P. (2018, June). [No title found]. *Global Economic Modeling*. Conference on Global Economic Modeling, Rotman School of Management, University of Toronto.
- Rathore, K., Shahid, R., Ali, K., & Saeed, A. (n.d.). *Factors Affecting Service Sector's Contribution To GDP in Pakistan*. 20(2).



- Sadia Bano, Yuhuan Zhao, Ashfaq Ahmad, Song Wang, & Ya Liu. (2019). *Why Did FDI Inflows of Pakistan Decline? From the Perspective of Terrorism, Energy Shortage, Financial Instability, and Political Instability: Emerging Markets Finance and Trade: Vol 55, No 1.* <https://www.tandfonline.com/doi/abs/10.1080/1540496X.2018.1504207>
- Sadiq, A., & Haider, A. (2025). *Statistical Analysis of the Potential Benefits of the Belt and Road Initiative (BRI) for Pakistan.* 4, 41–51.
- Sasidharan, A. (2020). Does board independence enhance firm value of state-owned enterprises? Evidence from India and China. *European Business Review*, 32(5), 785–800. <https://www.emerald.com/eb/article/32/5/785/510006>
- Schurmann, F. (2022). *Ideology and organization in communist China* (Vol. 3). Univ of California Press. [https://books.google.com/books?hl=en&lr=&id=3HFkEAAAQBAJ&oi=fnd&pg=PR17&dq=China+has+a+fairly+stable+political+system,+which+is+centrally+led+by+the+Communist+Party.+&ots=K1CIXY6YIK&sig=Soo\\_o6q5fMjsWFBAJjO490dAvdo](https://books.google.com/books?hl=en&lr=&id=3HFkEAAAQBAJ&oi=fnd&pg=PR17&dq=China+has+a+fairly+stable+political+system,+which+is+centrally+led+by+the+Communist+Party.+&ots=K1CIXY6YIK&sig=Soo_o6q5fMjsWFBAJjO490dAvdo)
- Shah, S. M., & ul Haq, A. (2021). Nexus between ease of doing business, foreign direct investments, and economic growth. *Unpublished MPhil Thesis*. *Pakistan Institute of Development Economics, Islamabad, Pakistan.* <https://file-thesis.pide.org.pk/pdf/mpphil-economics-and-finance-2017-syed-marwan-shah--nexus-between-ease-of-doing-business-foreign-direct-investments-and-economic-growth.pdf>
- Shah, Z. (2024). Challenges in the Delivery of Social Services in Pakistan. *Social Sciences Spectrum*, 3(4), 352–370. <https://www.socialsciencesspectrum.com/index.php/sss/article/view/178>
- Tahir, M., Jan, A. A., Shah, S. Q. A., Alam, M. B., Afridi, M. A., Tariq, Y. B., & Bashir, M. F. (2020). Foreign inflows and economic growth in Pakistan: Some new insights. *Journal of Chinese Economic and Foreign Trade Studies*, 13(3), 97–113. <https://www.emerald.com/insight/content/doi/10.1108/jcefts-01-2020-0005/full/html>
- Tarzi, S. M. (2009). China and foreign direct investment: Market-oriented policies and FDI inflows. *The Journal of Social, Political, and Economic Studies*, 34(3), 275. <https://search.proquest.com/openview/b3f05bd7b5622eb9d7a997faba8941c3/1?pq-origsite=gscholar&cbl=22044>
- Ullah, H., Diao, X., & Abbas, H. (2024). Innovation as a mechanism for sustainable economic growth: Exploring the role of policy stability and institutional quality in case of China. *Environment, Development and Sustainability.* <https://doi.org/10.1007/s10668-024-05530-4>
- Ullah, S., Ahmad, T., Mehmood, T., & Sami, A. (2023). Innovation and economic performance of firms in national science & technology park, Islamabad, Pakistan. *Foresight*, 25(5), 633–648. <https://www.emerald.com/insight/content/doi/10.1108/fs-08-2021-0151/full/html>
- WANG, C. N. (2024, February 5). *China Belt and Road Initiative (BRI) Investment Report 2023 – Green Finance & Development Center.* <https://greenfdc.org/china-belt-and-road-initiative-bri-investment-report-2023/>
- Zeewaqar, M. (2024). *Sustainable Development Goals in Pakistan: A Comprehensive Analysis of Progress, Challenges, and Recommendations.* [https://www.preprints.org/frontend/manuscript/9455b1d5965aa181b11ab63f8a8574af/download\\_pub](https://www.preprints.org/frontend/manuscript/9455b1d5965aa181b11ab63f8a8574af/download_pub)
- Zhou, J. (2023). A Double-Edged Sword or a Blessing: Chinese Oversea Direct Investment in Latin America. Available at SSRN 4385389. [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=4385389](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4385389)