

75 Years of Pakistan-China Friendship



May 2026



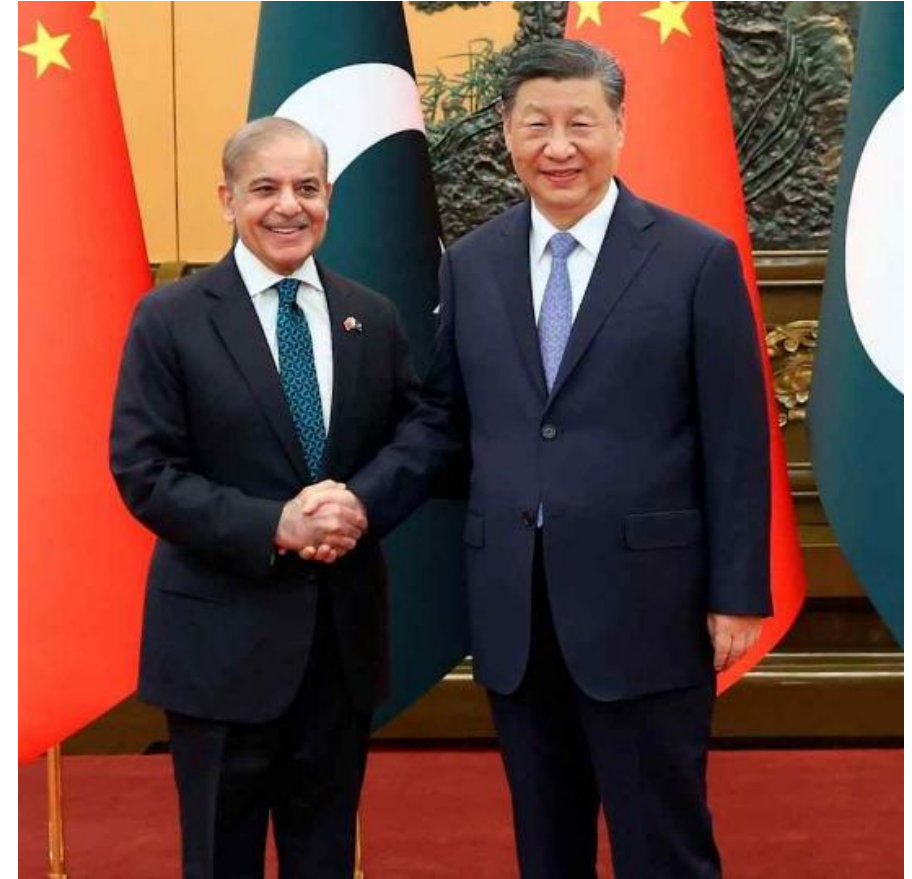
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- Executive Summary
- Background
- Historical milestones
- Pakistan's Economy - A Sectoral Overview
- Energy Cooperation
- Energy Challenges
- Trade between Pakistan and China
- China's Investment in Pakistan's Power Sector
- Automobiles Sector and Chinese collaboration
- Chinese Investment in Pakistan's Agriculture Sector
- Pakistan-China Vocational Education & Training (TVET) Cooperation
- CPEC 2.0
- Next Five Years

- This report examines seventy-five years of Pakistan–China relations, tracing the economic, strategic, and sectoral dimensions of the bilateral partnership. Pakistan was among the first countries to recognize the People’s Republic of China in 1950, formally establishing diplomatic relations in 1951. Over subsequent decades, the relationship has evolved into what both governments describe as an “All-Weather Strategic Cooperative Partnership” one characterized by sustained political engagement, expanding trade, and deepening economic cooperation. Today, China is Pakistan’s largest trading partner and a major investor, with particular concentration in infrastructure and energy.
- The launch of the China–Pakistan Economic Corridor (CPEC) in 2015 marked a transformative phase in bilateral engagement. Initially valued at approximately US\$46 billion, CPEC prioritized infrastructure development, power generation, transportation networks, and the development of Gwadar Port to enhance regional connectivity between western China and the Arabian Sea. Energy projects have been a central component of this cooperation, with approximately 13 GW of power capacity added under CPEC, the majority of which has been coal-based. These investments played a role in alleviating Pakistan’s energy shortages and improving industrial productivity, although reliance on fossil fuels increased long-term financial pressures and conflicted with renewable energy targets.
- Despite the scale of early investments, emerging challenges affected Chinese investment in Pakistan’s energy sector. These included financial risks linked to circular debt, policy and regulatory uncertainty, political and security concerns, and a shift in China’s global investment strategy toward other regions. As a result, Chinese investment momentum in Pakistan’s energy sector has slowed in recent years.
- Beyond energy, Overall bilateral trade (goods and services) reached \$25.23 billion in 2025, up nearly 10% from \$23 billion in 2024. China’s goods exports to Pakistan surged 17% year-on-year to \$20.2 billion, while Pakistan’s goods exports to China fell 18.2% to just \$2.8 billion.
- Sectoral cooperation has also expanded in automobiles, agriculture, vocational training, and technology. Chinese automobile manufacturers have entered Pakistan’s market through joint ventures, contributing to greater competition and introducing modern vehicle platforms, including electric vehicles. In agriculture, bilateral collaboration under CPEC includes technology transfer, seed development, agricultural mechanization, and food processing, with numerous memoranda of understanding and investment agreements signed in recent years.
- The second phase of CPEC signals a strategic reorientation from physical infrastructure toward industrial cooperation, technology development, and private sector engagement. Special Economic Zones, renewable energy, electric vehicles, and digital infrastructure have emerged as priority areas, with the broader objective of integrating Pakistan more deeply into regional value chains and fostering export-oriented industrialization.

Background

- Pakistan–China relations represent one of the most enduring bilateral partnerships in modern international relations. Pakistan was among the earliest countries to recognize the People's Republic of China (PRC) in January 1950, formally establishing diplomatic relations on 21 May 1951 and becoming the first Muslim-majority state to do so. This early recognition laid the foundation for a durable partnership rooted in mutual trust, geopolitical alignment, and economic cooperation.
- Over subsequent decades, the relationship evolved into what both governments describe as an "All-Weather Strategic Cooperative Partnership" — a designation that reflects its resilience across shifting global conditions. The relationship spans trade, infrastructure development, technology transfer, educational exchange, and industrial cooperation, most visibly through the China–Pakistan Economic Corridor (CPEC) and its successor framework, CPEC 2.0.
- The partnership has taken on heightened significance amid the geopolitical turbulence of 2025–2026, particularly following Israeli and U.S. military strikes on Iranian nuclear facilities. In this environment, Pakistan has exercised considerable diplomatic agency — serving as an intermediary in the Iran-nuclear diplomatic corridor and concluding a strategic defense accord with Saudi Arabia — thereby establishing itself as a credible regional de-escalation actor. China, meanwhile, has consistently positioned itself as a mediating influence, offering diplomatic alternatives to direct confrontation.
- The bilateral partnership thus functions not merely as a dyadic economic arrangement, but as a stabilizing institutional node at the intersection of South Asian, Central Asian, and Middle Eastern geopolitics. CPEC's overland connectivity from Kashgar to Gwadar affords Beijing a route that partially circumvents the Strait of Hormuz, while providing Islamabad with the infrastructure and energy investment needed to sustain macroeconomic stability amid regional shocks. As both countries approach the 75th anniversary of diplomatic relations in 2026, the partnership's strategic value has grown commensurate with the turbulence surrounding it.



- **1950s–1960s: Foundations of Bilateral Cooperation**

Pakistan and China established diplomatic relations in 1951, following Pakistan’s recognition of the PRC in 1950. During this period, diplomatic engagement gradually expanded through high-level visits and agreements aimed at strengthening political and economic cooperation. Early initiatives included trade agreements and cultural exchanges that helped institutionalize the relationship between the two countries.

A major milestone came in 1963, when Pakistan and China signed a border agreement that peacefully demarcated their shared boundary. The agreement significantly strengthened mutual trust and laid the groundwork for deeper bilateral cooperation, particularly in areas such as cross-border connectivity and regional stability.

- **1970s–1980s: Connectivity and Economic Engagement**

During the early 1970s, Pakistan played a diplomatic role in facilitating dialogue between China and the United States, contributing to China’s re-engagement with the international community. This period also witnessed the expansion of bilateral economic and infrastructure cooperation between Pakistan and China.

One of the most symbolic achievements of this era was the Karakoram Highway (KKH), inaugurated in 1978. The highway connected Pakistan’s northern regions with China’s Xinjiang province and became one of the highest paved international roads in the world. Beyond its engineering significance, the KKH strengthened trade connectivity and facilitated cross-border movement between the two countries.

- **1990s–2010s: Expansion of Economic and Trade Relations**

From the 1990s onward, Pakistan–China relations increasingly focused on economic integration and trade cooperation. Agreements covering investment protection, transport, and industrial collaboration were signed, expanding economic linkages between the two countries. The signing of the China–Pakistan Free Trade Agreement (CPFTA) in 2006 further institutionalized bilateral trade cooperation and aimed to reduce tariffs on a wide range of products.

These developments laid the groundwork for deeper economic integration and infrastructure cooperation. Bilateral trade volumes steadily increased during the 2000s and 2010s, while China emerged as one of Pakistan’s most significant economic partners and investors in infrastructure development.

- **2015–2026: The CPEC Era**

A transformative phase in Pakistan–China relations began with the launch of the China–Pakistan Economic Corridor (CPEC) in 2015, a flagship project of China’s Belt and Road Initiative (BRI). Initially valued at around US\$46 billion, CPEC aimed to enhance connectivity through investments in energy, transportation infrastructure, and Gwadar Port development.

CPEC projects include highways, energy plants, logistics infrastructure, and industrial zones designed to strengthen regional connectivity between western China and the Arabian Sea. As the two countries approach the 75th anniversary of diplomatic relations in 2026, high-level strategic dialogues and commemorative initiatives continue to highlight the long-standing partnership and its evolving economic focus.

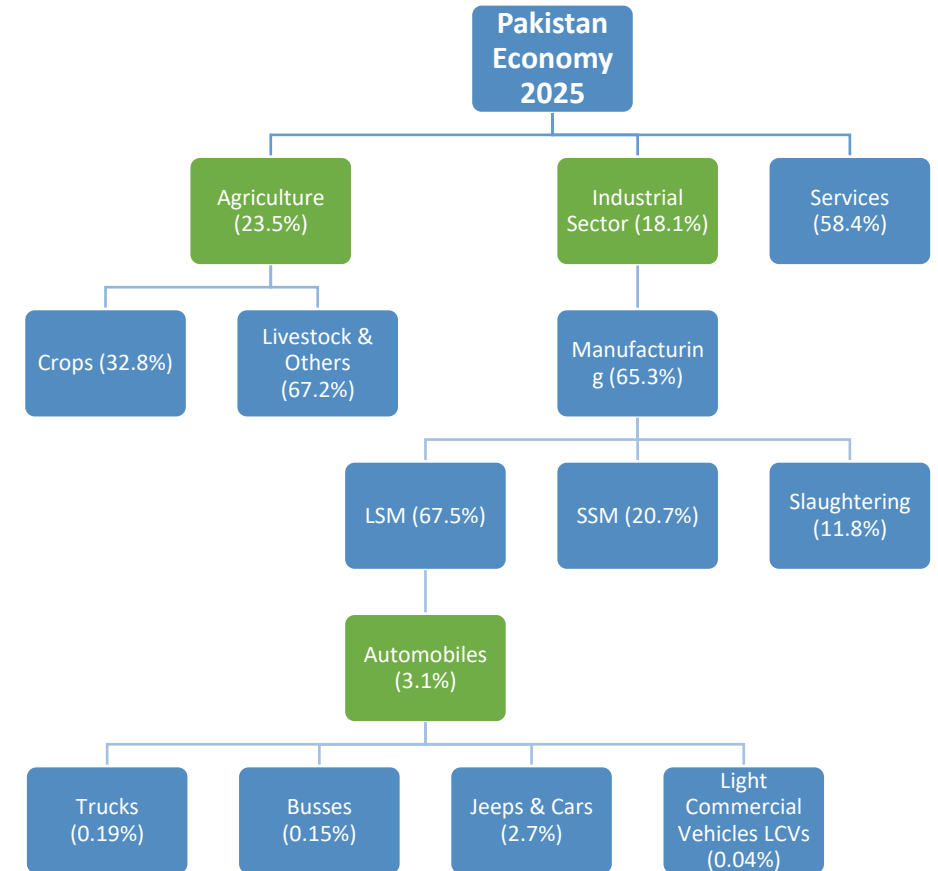
Pakistan's Economy - A Sectoral Overview

Agriculture Sector (23.5% of GDP)

- Pakistan's agriculture sector contributes 23.5% of GDP and employs approximately 40% of the labor force. It recorded its weakest growth in nine years in FY 2025, driven largely by climate-related flooding. Key crop output declined by 13.49%, with cotton falling 30.7%, wheat down 8.9%, and maize contracting 15.4%. These declines reflect a combination of adverse climatic conditions, reduced cultivated area, and persistent structural weaknesses.
- Addressing these vulnerabilities requires intervention across several fronts. Climate-smart agriculture — encompassing drought management, precision irrigation, and satellite-based crop monitoring — is essential given the frequency of extreme weather events. Low adoption of modern farming techniques continues to keep yields below regional benchmarks. Seed technology, particularly for cotton, rice, and cash crops, represents a critical area requiring improvement.

Industrial Sector (18.1% of GDP)

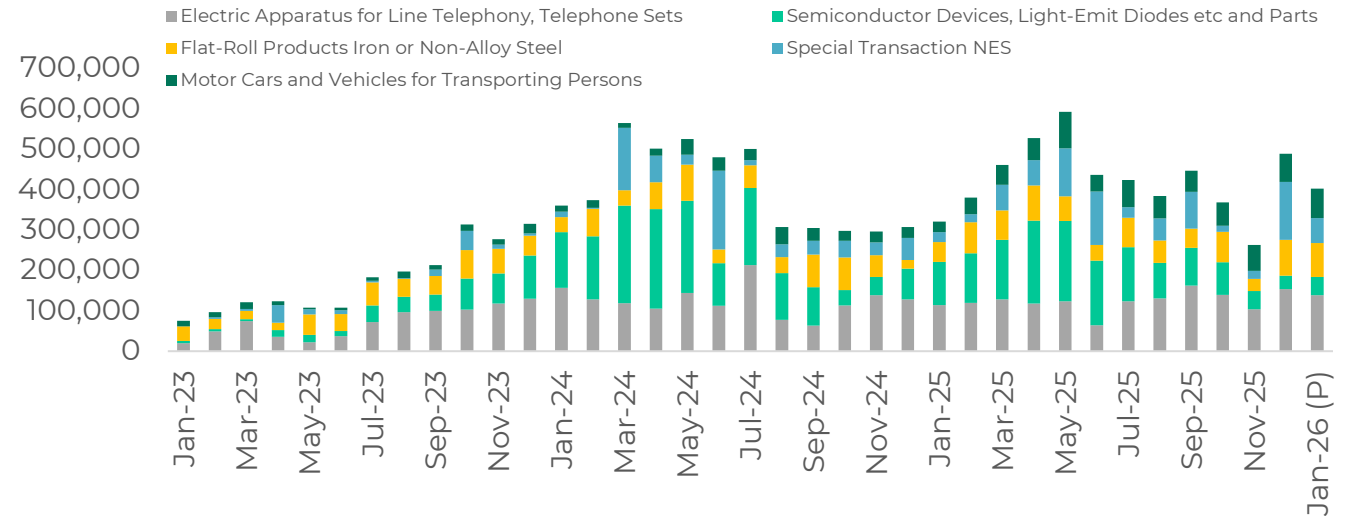
- Pakistan's industrial sector, contributing 18.1% of GDP, grew 4.77% in FY 2025, though Large-Scale Manufacturing contracted by 1.47% during July–March, weighed down by elevated energy costs, currency depreciation, high financing costs, and weak demand. Industry remains concentrated in low-value-added textiles and agro-processing.
- Key industrial requirements include an accelerated energy transition toward renewables, electrification of transport through Chinese EV manufacturers already entering the Pakistani market, and development of CPEC-designated Special Economic Zones to attract technology-intensive manufacturing. Broader technology transfer in electronics and advanced manufacturing offers a pathway toward meaningful diversification.
- Both sectors present substantial opportunities for growth, with Chinese investment and technology transfer serving as key enablers of Pakistan's broader economic development agenda.



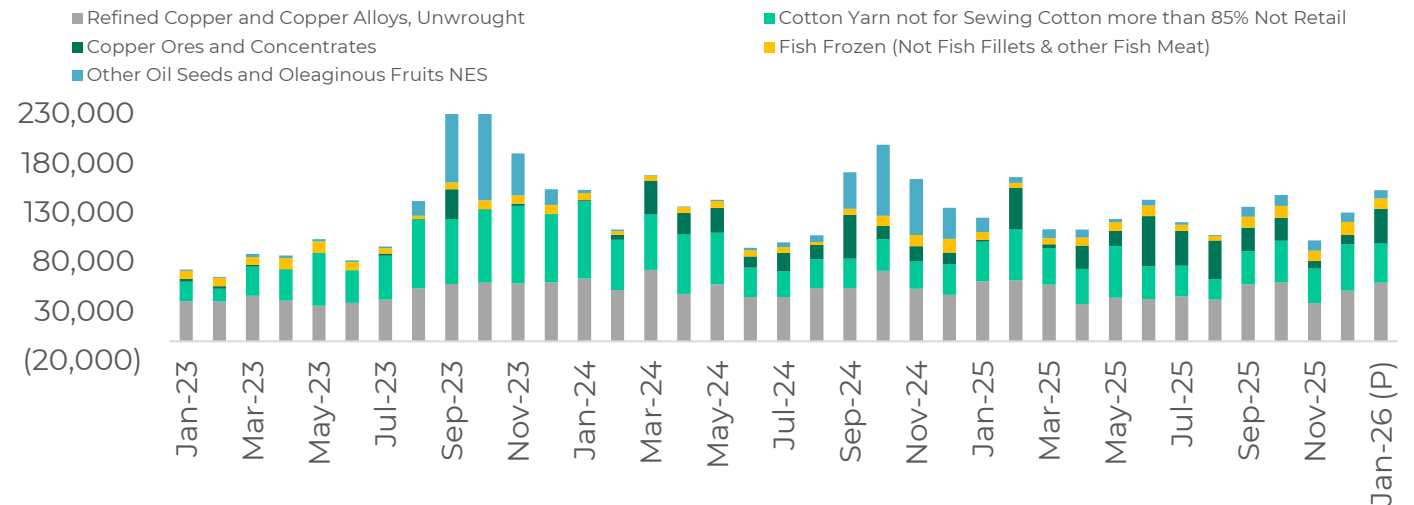
Trade between Pakistan and China

- Overall bilateral trade (goods and services) reached \$25.23 billion in 2025, up nearly 10% from \$23 billion in 2024. China's goods exports to Pakistan surged 17% year-on-year to \$20.2 billion, while Pakistan's goods exports to China fell 18.2% to just \$2.8 billion.
- On the import side, the most striking development is the 110.9% surge in Motor Cars and Vehicles reflecting Pakistan's rapidly growing intake of Chinese automobiles and EVs, a pattern increasingly visible across developing markets as Chinese automakers expand globally. Flat-roll iron and steel products (+13.5%) and Special Transactions (+16.8%) also rose meaningfully, pointing to significant increase in Chinese industrial inputs and intermediate goods. Semiconductor Devices and LEDs bucked the trend, declining 15.6%, possibly reflecting a slowdown in electronics assembly or early signs of import substitution. Telephone sets remained broadly flat at -1.2%.
- On the export side, Pakistan's basket remains narrow and commodity-dependent concentrated in refined copper, cotton yarn, copper ores, fish, and chromium ores. The two relative bright spots were Copper Ores (+27.8%) and Frozen Fish (+22.7%). Refined Copper fell 9.4%, Cotton Yarn 9.0%, and Chromium Ores 9.8%, collectively driving the overall export contraction.

Imports from China (USD Thousand)



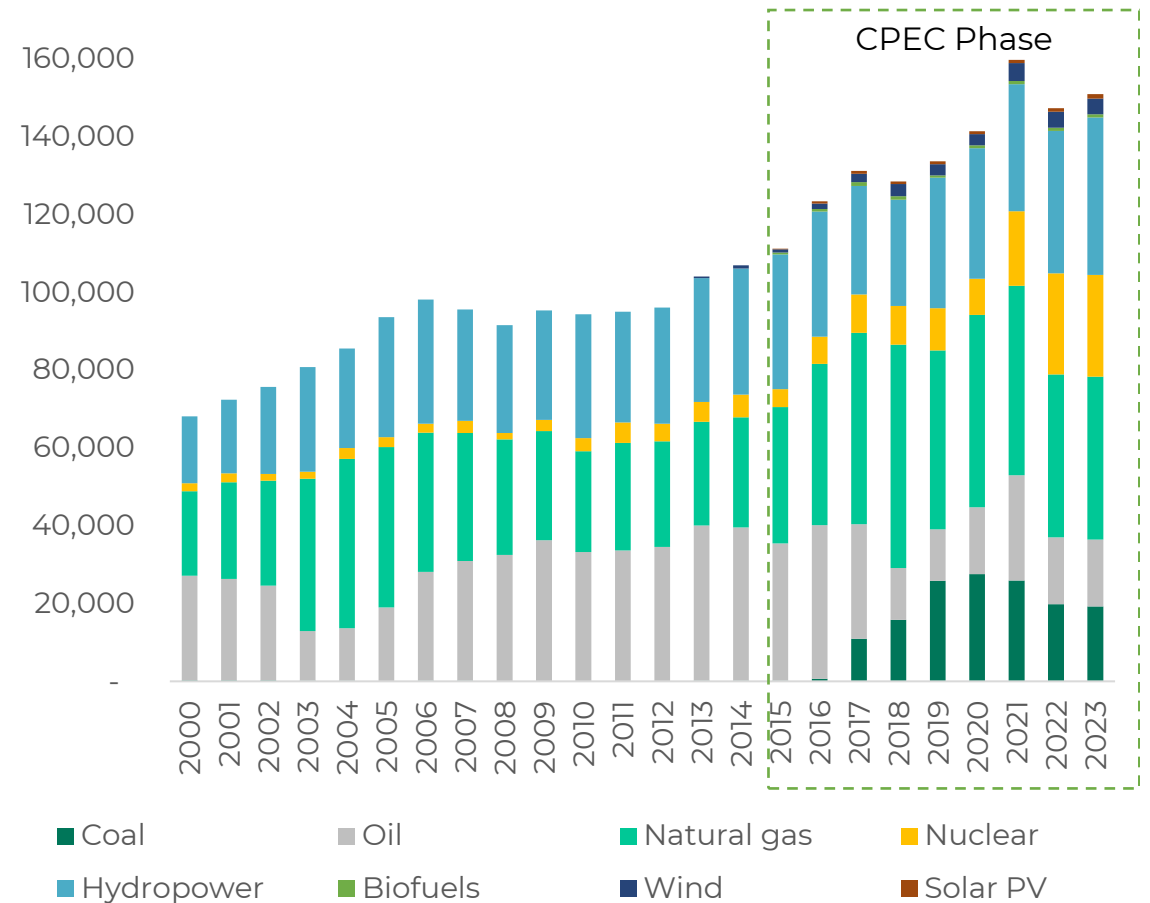
Exports to China (USD Thousand)



Energy Cooperation

- Energy cooperation has been a cornerstone of Pakistan-China economic relations. Under the Belt and Road Initiative (BRI), CPEC focused heavily on Pakistan's energy generation through large-scale power generation projects.
- Key features of early cooperation include:
 - Approximately 13 GW of power capacity added through CPEC projects.
 - An additional 3,545 MW of capacity is currently under construction or in the planning stages (across 6 projects).
 - Chinese investment in Pakistan's energy infrastructure is estimated at over \$21 billion (out of the total \$62B+ CPEC commitment).
 - Due to increased capacity of power production, the reliance on imported fuels increased long-term financial burden.
 - China's energy investments initially helped Pakistan reduce power shortages and improve industrial productivity. However, reliance on fossil fuels conflicted with global climate commitments and Pakistan's renewable energy targets.
 - China's 2021 commitment to stop financing new overseas coal plants created an opportunity for Pakistan to shift toward cleaner energy partnerships.

Pakistan Power Generation GWh



The Shift from Generation to Infrastructure

While the first phase of cooperation successfully added **13 GW** to the national grid, the focus must now pivot. Pakistan’s primary challenge has shifted from a lack of power generation to the inability to transmit it efficiently.

Outdated Transmission & Distribution (T&D)

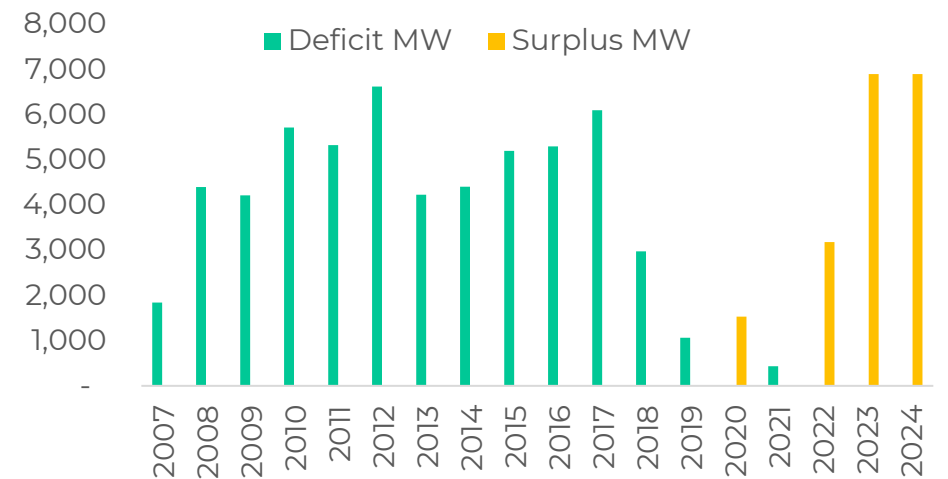
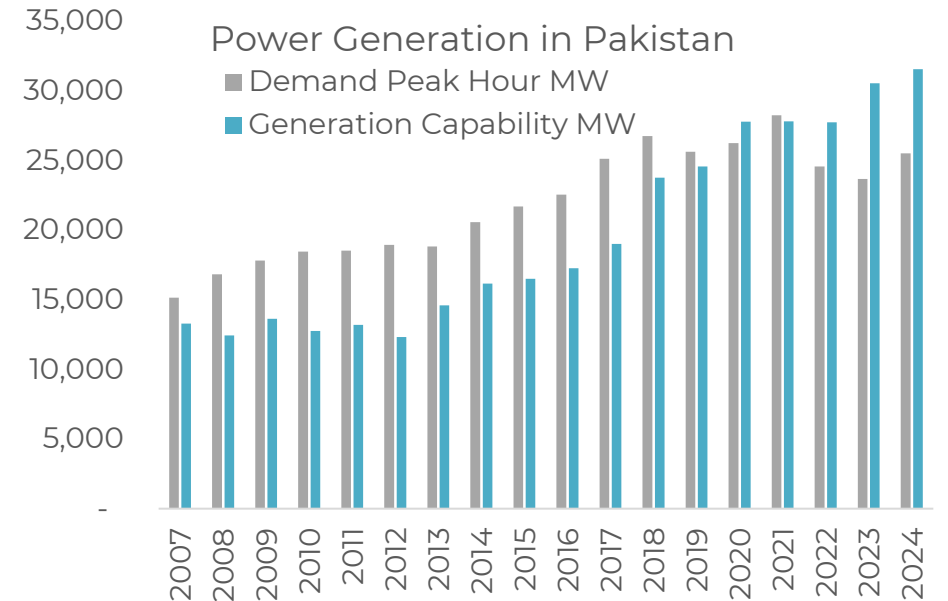
- Even with surplus generation, significant power is lost before it reaches the end-user due to inefficient lines and transformers.
- The current system struggles to manage the intermittent nature of renewable energy (Wind/Solar), which requires a more modern smart grid.

Matiari–Lahore HVDC Transmission Line

- The most significant Chinese contribution to Pakistan’s transmission infrastructure is the 878 km, ±660 kV HVDC Matiari–Lahore Transmission Line, developed under CPEC by China Electric Power Equipment and Technology (CET), a subsidiary of State Grid Corporation of China (SGCC), at a total investment of USD 1.658 billion.
- It is Pakistan’s first HVDC line and first privately developed transmission project, capable of transmitting 4,000 MW of electricity from power plants in Sindh to load centers in Punjab. It commenced commercial operations on 1 September 2021, on schedule, and on its first day of operation helped prevent a grid cascade failure triggered by a fault in Jamshoro.
- The line is designed to transmit over 35 billion kWh of electricity annually, providing reliable power supply to approximately 9.3 million households.

Further Transmission Cooperation

- As part of the broader CPEC energy framework, the Matiari Converter Station connects to several major power plants, including Port Qasim, Hub Power, and Thar coal-based projects via high-capacity AC transmission links, aggregating power for long-distance delivery to northern Pakistan.



- **The Strategic Pivot to Green CPEC**

China's 2021 commitment to end overseas coal financing marked a turning point. In October 2024, both nations launched an upgraded CPEC framework centered on a green energy corridor. This strategic realignment brings Pakistan's target of 60% renewable energy by 2030 into alignment with China's own ambitious domestic expansion in wind and solar energy.

- **Solar Energy**

Pakistan's energy transition has been driven in large part by a market-led revolution enabled by Chinese manufacturing. In FY 2024, solar imports from China tripled to 16 GW, bringing cumulative installed capacity to approximately 36 GW by mid-2025 — equivalent to nearly three-quarters of Pakistan's total generation capacity. Simultaneously, a surge in affordable Chinese lithium batteries (up 68% in H1 2025) has enabled households to store solar energy for nighttime use, reducing grid dependence. By September 2025, renewables exceeded 46% of the national power mix, surpassing targets ahead of schedule.

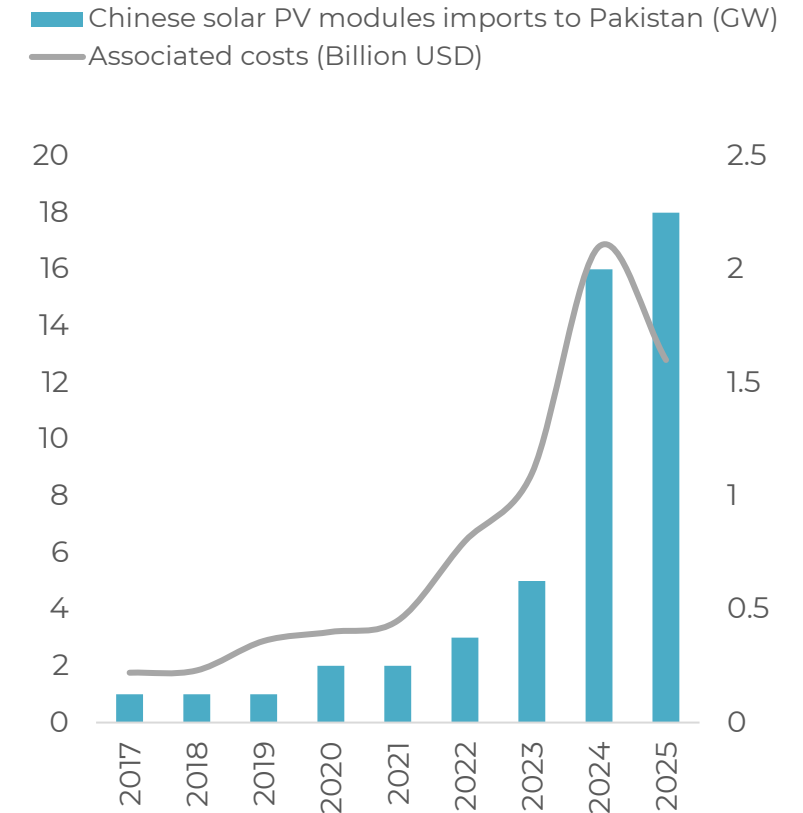
- **Wind Power Cooperation**

China is the primary architect of Pakistan's wind sector, specifically in Sindh's Jhimpir corridor (11,000 MW potential). Following the 2017 launch of the first Chinese-funded project, Power China developed a cluster of 12 projects. Key operational sites include the UEP (100 MW), Sachal (50 MW), and China Three Gorges (100 MW) wind farms.

- **Hydropower**

Hydropower remains the most capital-intensive renewable pillar. Key projects include:

1. Karot (720 MW): The Silk Road Fund's first global investment.
2. Suki Kinari (884 MW): Commissioned in September 2024 as the largest Chinese-financed overseas greenfield hydro project.
3. Pipeline: Kohala (1,124 MW) and Azad Pattan (700.7 MW) are currently under development.



Chinese Renewable Investment Under CPEC: Benefits, Trends and Policy

- Chinese investment in renewable energy through CPEC has delivered measurable socioeconomic benefits for Pakistan, though unevenly distributed. Wind energy projects, where Chinese firms serve as both engineers and constructors, generate approximately USD 6.05 million in local production value per 100 MW more than solar installations of equivalent capacity. Pakistan's Energy Minister confirmed in 2025 that Chinese-backed solar, wind, and hydropower development has helped stabilize power tariffs despite rising oil prices, offering relief to lower-income households. Chinese-built hydropower plants, powered by water rather than imported fuel, are particularly insulated from global price volatility.
- Affordable Chinese solar panels have expanded energy access for urban middle-class and semi-urban families, many experiencing reliable electricity for the first time. However, the poorest households remain excluded due to high upfront costs, highlighting the need for targeted subsidies. At the industrial level, lower-cost electricity from hydro and solar assets reduces production costs for SMEs and strengthens Pakistan's export competitiveness.
- The escalation of U.S.–Iran tensions in April 2026 has heightened Pakistan's energy security concerns, given its dependence on petroleum imports through the Strait of Hormuz. This geopolitical context has reinforced the strategic case for accelerating domestic renewables. While a discrete investment surge directly tied to this conflict has not been separately quantified, Chinese FDI into Pakistan's power sector reached USD 1,165.7 million in FY 2024–25, including USD 759.4 million in hydroelectric projects alone reflecting a clear accelerating trend. Currently, 60 private-sector renewable projects under PPIB contribute 4,753 MW to the national grid.
- CPEC's energy portfolio spans coal (~4,620 MW, completed), commissioned hydropower (~1,604 MW), pipeline hydropower (~1,824 MW), solar (~1,000 MW), wind (~300 MW), and an 878 km HVDC transmission line linking Matiari to Lahore.
- In response to challenges such as circular debt and declining investor confidence, Pakistan has pursued several policy measures: renegotiating contracts with Chinese power producers to reduce tariffs by 3–4 rupees per unit; seeking an 8-year extension on CPEC loan repayments; reaffirming a 60% renewable energy target by 2030; revising net metering regulations; and enhancing security for Chinese personnel, with Prime Minister Sharif chairing a dedicated high-level security meeting in July 2025.

China's Investment in Pakistan's Power Sector

• Projects Under Construction / Pending

- The power project remain unfinished is the Coal-Fired Power Project at Gwadar (300 MW).
- Suki Kinari Hydropower Project sponsored by the Chinese state-owned Gezhouba Group, this 884 MW run-of-the-river project on the Kunhar River, Khyber Pakhtunkhwa, was successfully commissioned on September 13, 2024, marking it as the largest overseas greenfield hydropower project financed by a Chinese company.

• Projects Under Consideration / Pipeline

- Under-consideration projects include the Kohala Hydropower Project (1,124 MW), Azad Pattan Hydropower Project (700.7 MW), Thar Mine Mouth Oracle Power Plant and Surface Mine (1,320 MW), Cacho Wind Power Project (50 MW), and Western Energy (Pvt.) Ltd. Wind Power Project (50 MW).
- China Three Gorges and CWE Investment Corp have undertaken the 1,124 MW Kohala Hydropower Project in Azad Jammu & Kashmir.
- The Azad Pattan Hydropower Project (700.7 MW), with an investment of over \$1.35 billion, is being developed by China Gezhouba Group and Laraib Group Pakistan, with a lender consortium comprising the China Development Bank, China Construction Bank, Industrial & Commercial Bank of China, and Bank of China.

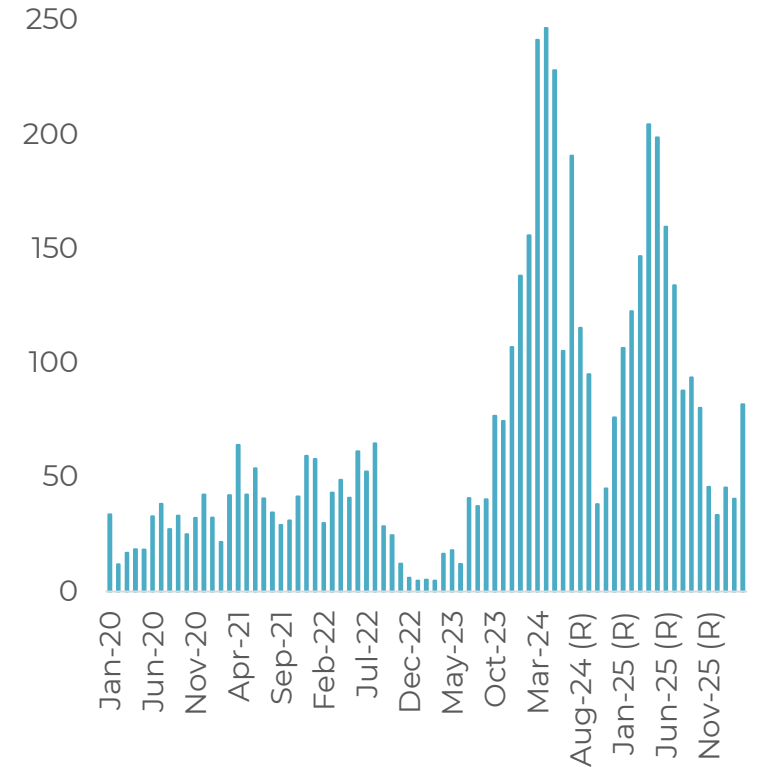
• Pakistan's Green Energy Transition

Pakistan's energy mix is shifting rapidly. In FY 2024, solar imports from China reached 17 GW more than double the prior year making Pakistan the world's largest importer of solar panels that year. By mid-2025, cumulative solar imports exceeded 50 GW, equivalent to roughly three-quarters of Pakistan's total installed generation capacity. Solar has risen from Pakistan's fifth-largest power source in 2022 to its largest in 2025. By September 2025, renewables accounted for over 46% of the national power mix, surpassing government targets ahead of schedule.

• China's Role in Pakistan's Renewable Transition

Chinese manufacturers have been the principal enabler of this transition. Affordable Chinese solar panels prices fell by approximately 47% between 2022 and 2024 have driven widespread residential, commercial, and agricultural adoption. The surge in Chinese lithium battery exports (up 68% in H1 2025) has further enabled households to store solar energy.

■ 8541-Semiconductor Devices, Light-Emit Diodes etc and Parts in USD Mn



Pakistan Automobile Sector Landscape Role of Chinese Manufacturers and the Emergence of Electric Vehicles (EVs)

1. Overview of Pakistan's Automobile Industry

Pakistan's automobile sector is one of the country's most important manufacturing industries, contributing approximately **2-3% to GDP** and supporting a large vendor ecosystem. The sector has historically been dominated by Japanese firms operating through local joint ventures, including:

- Toyota Indus Motor Company
- Honda Atlas Cars Pakistan
- Pak Suzuki Motor Company

These firms established a relatively protected market structure under Pakistan's Auto Development Policy (ADP), which has historically limited competition while contributing to relatively high vehicle prices compared to average income levels. As a result, vehicle ownership remains low, estimated at approximately 18 vehicles per 1,000 people, reflecting affordability constraints and limited market depth. The sector also continues to rely significantly on imported components, exposing manufacturers to exchange rate fluctuations and supply chain disruptions. Pakistan's automobile industry primarily produces passenger vehicles in the 800cc-1800cc range, along with light commercial vehicles, motorcycles, tractors, and a range of auto parts and components supplied through a domestic vendor network. Despite considerable growth potential supported by a large population and expanding urbanization, the sector faces persistent structural challenges, including currency depreciation, import restrictions, high financing costs, and cyclical demand volatility that affects production stability and investment planning.

Price-range comparison (ex-factory, base variant)	PKR Mn	Discount to a similar Japanese Variant
Changan Oshan X7	7.55	39%
Toyota Corolla Cross	7.24	42%
Haval Jolion	7.95	36%
MG HS	8.39	32%
Haval H6	9.09	27%
Jaecoo J7 PHEV	10.5	15%



Automobiles Sector and Chinese collaboration

Over the past decade, Chinese automobile manufacturers have begun reshaping Pakistan’s automotive landscape, reflecting deeper industrial cooperation between the two countries. Through joint ventures with local partners, these firms have invested in assembly operations, contributing to technology transfer and greater market competition. Key entrants include MG Motors (a subsidiary of SAIC Motor), Changan Automobile with Master Motors, and Haval through Sazgar Engineering. Additional participation from BAIC (with United Motors) and DFSK (with Regal Motors) has further expanded the market. These companies have introduced modern vehicle platforms, particularly in the SUV and crossover segments, offering advanced features and comfort levels previously limited in Pakistan.

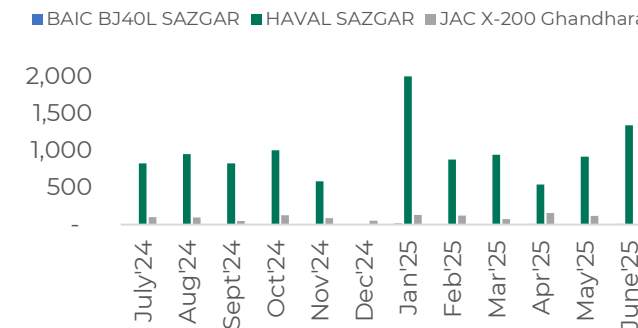
• Emergence of the EV Segment

- Electric vehicles (EVs) represent a growing dimension of Pakistan’s automotive sector, aligned with climate goals and long-term energy transition plans. Pakistan’s Electric Vehicle Policy aims to promote cleaner transportation, reduce reliance on imported fuel, and address urban air pollution. Cooperation with China in both conventional and electric mobility presents opportunities for industrial upgrading, technology transfer, and environmental sustainability. China’s leadership in battery manufacturing and EV production offers Pakistan a pathway to integrate into regional automotive value chains and diversify its industrial base. Greater collaboration in research and development, localization of components, and electric public transport could support energy security, emissions reduction, and modernization.

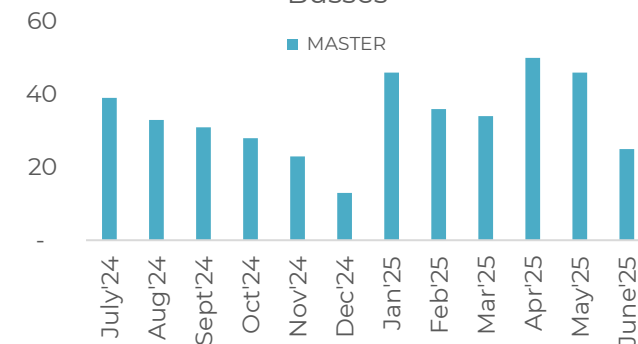
• Market Performance Data

- Pakistan’s locally assembled vehicle market has rebounded strongly, growing 52% in 2024 to about 125,000 units and a further 40.5% in 2025 to around 175,700 units. Chinese brands have been central to this recovery. Master Changan Motors sold over 65,000 units in 2025, becoming the fourth-largest brand and leading Chinese player, while Sazgar Haval recorded 67.5% year-on-year growth.
- Chinese automakers also offer strong price advantages. Changan’s Oshan X7 is about 39% cheaper than comparable Japanese SUVs, and Haval’s Jolion around 36% less expensive, expanding consumer choice. Meanwhile, cities like Karachi and Peshawar have introduced Chinese-made electric buses from BYD and King Long, marking early progress in EV adoption in public transport.

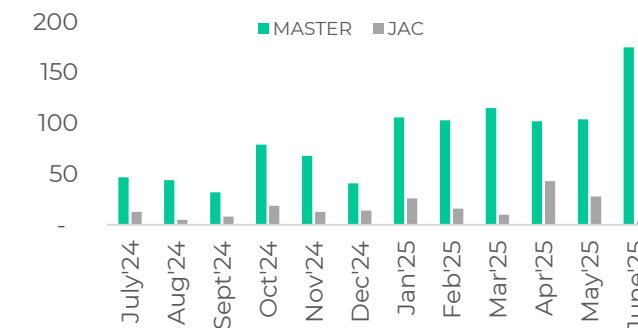
Jeeps and Pick-up Unit sales



Busses



Trucks



Source: A-Charge - Top EV Cars in Pakistan and KTrade Research

The formal basis for Pakistan-China agricultural cooperation was established through a Memorandum of Understanding signed in November 2018 under the CPEC framework, which set up a dedicated Joint Working Group (JWG) on Agriculture. Both sides have held multiple JWG meetings, reaching consensus on capacity building, technology transfer, and value-chain development in agriculture.

In April 2025, the first meeting of a newly formed China-Pakistan Agricultural Technology Working Group was held in Beijing, further consolidating the institutional foundation. The institutional framework has been strengthened with consensus reached on multiple areas of cooperation.

The fourth session of the China-Pakistan Joint Working Group on Agriculture was held in Beijing on April 22, 2025, where four new partners — Qingfa Hesheng (Wuhan), Jinghua Seed Industry (Xinjiang), Runber (Shandong), and the Crop Science Institute of the Chinese Academy of Agricultural Sciences — joined the next round of agricultural collaborations under CPEC.

Bilateral Trade

- Bilateral agricultural trade has exceeded one billion US dollars annually in recent years, with Pakistan consistently maintaining a trade surplus in this sector. In the first five months of 2025 alone, agricultural trade reached \$390 million
- However, structural challenges persist. Pakistan's agriculture sector has underperformed over the last 5–7 years. The country, traditionally self-sufficient in wheat and cotton, has imported \$1.77 billion worth of wheat over the past two years. This trend is likely to continue in the short term. The cotton sector has faced a prolonged production crisis spanning over a decade, with imports exceeding \$6 billion over the last five years alone.
- Pakistan and China signed 78 memoranda of understanding worth \$4.5 billion at the Pak–China Agriculture Investment Conference, elevating agriculture as a priority sector under the second phase of CPEC. The agreements span 10 key agricultural sub-sectors and include business-to-business investments, joint ventures, and partnerships. Of the 78 agreements, 37 were business-to-business investment agreements, 24 joint ventures, and 14 partnership agreements.
- In September 2025 alone, 41 memoranda of understanding were signed covering modern farming, livestock, fisheries, farm mechanization, and advanced technology transfer.

Chinese Investment in Pakistan's Agriculture Sector



COMPANY	SECTOR	PROJECT / ACTIVITY	KEY OUTPUTS / CAPACITY
M/s Royal Group	Livestock	Buffalo genetics lab & dairy farm, Lahore	Specialized lab for buffalo genetic improvement; dairy farm operations to boost milk production
CMEC (China Machinery Engineering Corp.)	Agri-processing	Sesame processing (Faisalabad & Sahiwal); chili farming & processing; precision agri-machinery	Pakistan became 5th largest global sesame exporter; active red chili export to China; digital farming & food deep-processing zones
Wuhan Qingfa Hesheng Seed Co.	Seeds	Canola & hybrid rice seed production; cash crop cultivation (cauliflower, radish, pepper, tomato)	Canola variety HC-021C: 5% higher yield vs. local varieties, shorter growth period, higher disease resistance; operations in Pakistan for 10+ years
Jinghua Seed Industry Co. (Xinjiang)	Seeds	CPEC Phase II seed development collaboration	"Small yet refined" model seed projects; selected for Phase II CPEC agricultural cooperation
Runber (Shandong)	Seeds	CPEC Phase II seed & crop research collaboration	Selected alongside Qingfa and Jinghua to lead Phase II agricultural model projects
Crop Science Institute, Chinese Academy of Agricultural Sciences	Research	Joint agricultural R&D under CPEC Phase II	Cotton & corn yield improvement research; R&D collaboration between China and Pakistan
Dayu	Irrigation	Smart irrigation & drip irrigation systems	Renewable irrigation technologies; water-efficient farming solutions for Pakistan
PIESAT	AgriTech	Satellite-based precision farming & crop monitoring	Digital agriculture; satellite remote sensing for crop yield tracking
LOVOL	Machinery	Agricultural machinery supply & farm mechanization	Modern farm machinery for large-scale farms; tractor & equipment deployment
China-Pakistan Joint Cotton Bio-Tech Laboratory	Biotech	Joint cotton biotechnology research (pledged under CPEC)	New cotton variety development; biotech research for improved cotton productivity

- The CPEC agricultural cooperation framework has generated a significant volume of signed agreements, MoUs, and announced investment targets:
- **Production Capacity Targets under CPEC**
 - The CPEC agricultural framework specifically aims to produce 800,000 tons of fertilizer and 100,000 tons of bio-organic fertilizer.
 - Under CPEC-linked livestock plans, there is a plan to construct meat processing plants with a capacity of 200,000 tons per annum, two demonstration milk processing plants with a capacity of 200,000 tons of milk per annum in Sukkur, and a meat processing plant in the same city with an annual production capacity of 200,000 tons. Pakistan's government is also planning milk processing plants with a production capacity of 2.2 million tons.
- **Priority Sub-Sectors**
 - The 10 priority sub-sectors identified at the January 2026 conference include:
 - Agri-chemicals and inputs
 - Agri-machinery
 - Food processing and value addition
 - Meat and poultry
 - Dairy products
 - Fruits and vegetables
 - Animal feed
 - Fisheries and aquaculture
 - Cold chain systems
 - Food-grade packaging and equipment.
 - Specific projects being pursued include:
 - Seed production technology
 - Export of heat-treated beef
 - Construction of grain storages and warehouses
 - Cheese production and export
 - Improvement of local milk processing machinery
 - Buffalo UHT milk and camel milk powder
 - Poultry machinery and technology
 - Chemicals and bio-pesticides;
 - Feed mill equipment; renewable technologies in irrigation
 - Value addition in mango pulp
 - Efficient fodder production
 - Fish and shrimp feed technology
 - Fruit processing etc

Pakistan-China Vocational Education & Training (TVET) Cooperation



China's TVET bilateral programs focuses on theme-specific initiatives such as cross-border technical universities and Luban Workshops. The key Pakistani institutions coordinating this cooperation are NAVTTC (National Vocational and Technical Training Commission) and provincial TEVTAs (Technical Education and Vocational Training Authorities) of Punjab, Khyber Pakhtunkhwa (KP), and Baluchistan.

INSTITUTION / PROGRAM	EST.	LOCATION	CHINESE PARTNER(S)	PROGRAMS / DISCIPLINES
Pak-China Technical & Vocational Institute (PCTVI)	2021 (ops. 2023)	Gwadar, Balochistan	Shandong Institute of Commerce & Technology (SICT); China Overseas Port Holding Co. (COPHC)	3-yr diplomas: E-Commerce, Maritime & Port Mgmt, Mechatronics, Software Tech, Tourism; 1-yr diplomas: Chinese Language, English, AI & Data Science, Construction Engineering; 3-month certificates: Python, web dev, graphic design, AI
Shandong-Pakistan Agri TVET Accords	October 2025	Shandong, China (programs for Pakistan)	ITMC Technology China; UNI Services International; Shandong institutions	Four-Party Overseas Training Base (agri tech); Center of Excellence for Food Safety; Oasis Stella Workshop (dairy & buffalo); diplomas in floriculture, livestock, modern agri technology
NAVTTC	September 2025	Pakistan-wide (via NAVTTC)	Multiple Chinese institutions (Hefei-based; 10 Chinese institutes signed MoUs Jan 2025)	Advanced technical and vocational disciplines aligned to CPEC Phase II industries
Pakistan-China TVET Forums (Embassy, Beijing)	2024 (1st forum); 2025 (2nd forum)	Embassy of Pakistan, Beijing	Chinese vocational colleges & enterprises (provincial TEVTAs of Pakistan)	Agriculture-linked TVET: agri-tech, food processing, livestock, dairy, food-grade packaging; academia-industry linkage sessions

Pakistan-China Vocational Education & Training (TVET) Cooperation



INSTITUTION / PROGRAM	EST.	LOCATION	CHINESE PARTNER(S)	PROGRAMS / DISCIPLINES
Luban Workshop, Lahore	July 2018	Lahore, Punjab	Tianjin Modern Vocational Technology College	Electrical automation technology; mechatronics / electromechanical integration; agricultural machinery (added 2022 via MNS Agri University, Multan)
Punjab Tianjin University of Technology (PTUT)	2018	Lahore, Punjab	Tianjin University of Technology & Education; Tianjin Polytechnic University; Tianjin Chenjian University	B.Sc. in Electrical, Mechanical, Automotive, Civil, Garment, Architectural Engineering Technology; Fashion Design Technology; BSc Technology Management; MSc Electrical & Mechanical Engineering Technology
Huaneng Pakistan Vocational & Technical College	August 2019	Sahiwal, Punjab (at Sahiwal Power Plant)	Huaneng Shandong Ruyi (Pakistan) Energy Pvt. Ltd. (HSRE)	Computer applications; secretarial skills; electrician training; welding; Chinese language (free of cost)
GFTPC–KP TEVTA SME Vocational Education Branch	July 2025 (MoU Dec 2024)	KP Province (Pakistan) & Lanzhou, Gansu (China)	Gansu Finance and Trade Professional College (GFTPC)	Digital skills; entrepreneurship; SME management; cross-border capacity building

- Tang International Education Group (TANG) is a Chinese private education enterprise that has become one of the most active institutional facilitators of Pakistan–China vocational education cooperation since 2021. Founded by Li Jinsong, Its flagship initiative is the CCTE (China-Pakistan Vocational Education Cooperation) Sino-Pak Dual Diploma/Degree Program. The CCTE model is a Sino-foreign joint education initiative that provides dual diplomas, blending technical training with language and cultural education. Developed by TANG International Education, it enables students to gain localized technical skills and, in some cases, international expertise through cooperation between Pakistani and Chinese institutions.
- Under the three-year DAE framework, students receive technician- and supervisor-level qualifications, while TANG supports job placement in CPEC-related industries. By 2022, the program had expanded to institutes in Sindh, Taxila, Allama Iqbal, and the University of Faisalabad. HEC Chairman Dr. Mukhtar Ahmed also expressed support for extending such dual-degree programs across Pakistan’s vocational universities.
- Recent initiatives:
 - On February 2025, TANG signed an MoU with the Benazir Bhutto Shaheed Youth Development Programme (BBSYDP) of Sindh, initiating paid programs in TVET, STEM, and related fields — marking a significant step toward provincial-level skills expansion.
 - In May 2025, the Institute of Contemporary Studies (ICS) and TANG signed a strategic MoU to introduce Matric Tech, Inter Tech, and NAVTTC-certified skill development programs across 20 educational institutions in Karachi, with TANG providing state-of-the-art laboratories.
 - At the CACIE 2025 forum, eight Chinese vocational colleges from Jiangxi, Sichuan, Gansu, Anhui, and Xinjiang signed cooperation agreements with Pakistani partners spanning manufacturing, agriculture, transportation, and trade. A China-Pakistan Industry-Education Integration Community was also launched to cultivate talent in rail transit, electric vehicles, and textile and apparel manufacturing.
 - February 2026, TANG signed a partnership with She Means Work (SMW) to expand access to digital education, skills training, and entrepreneurship support for women across Pakistan, with a particular focus on rural and underserved areas.
- These initiatives reflect TANG's growing footprint in Pakistan's skills development landscape, spanning government bodies, educational institutions, and civil society. Through partnerships at both federal and provincial levels, TANG is steadily working to equip Pakistani youth with industry-relevant skills that meet the demands of a growing Pakistani economy.

- **Phase II of CPEC: Industrial, Agricultural, Trade, and Strategic Cooperation**

- The second phase of CPEC focuses on industrial cooperation and economic modernization. Recent agreements highlight growing cooperation in emerging sectors such as renewable energy, electric vehicles, and advanced manufacturing.
- In 2025, Pakistan signed approximately US\$8.5 billion in investment agreements with China covering agriculture, renewable energy, electric vehicles, and industrial development.
- Agriculture has emerged as an important area of collaboration. Bilateral cooperation includes agricultural trade, research partnerships, and technology transfer in seed development and modern farming practices, aiming to improve productivity and strengthen food security. China's large agricultural market also presents export opportunities for Pakistan. Trade agreements and tariff reductions under bilateral arrangements seek to expand Pakistan's access to Chinese markets, particularly for agricultural and food products.
- China is currently Pakistan's largest trading partner, reflecting the deepening economic relationship between the two countries. Bilateral trade expanded significantly following the implementation of the China–Pakistan Free Trade Agreement and its subsequent revisions. The second phase of the FTA, implemented in 2020, expanded tariff concessions and provided Pakistan duty-free access to a large number of product lines in the Chinese market. These measures are expected to help diversify Pakistan's exports and improve its trade position over the long term.

- **Strategic and Technological Cooperation**

- Pakistan and China maintain close cooperation on regional stability and the protection of economic infrastructure. Ensuring the security of CPEC projects and Chinese personnel in Pakistan has become a key priority for both governments. The Pakistan–China Joint Consultative Mechanism facilitates dialogue on regional security, economic cooperation, and CPEC implementation, helping coordinate policy responses and strengthen bilateral collaboration.
- Technological cooperation has expanded in recent years, particularly in space technology and satellite development. These initiatives aim to enhance Pakistan's capabilities in telecommunications, remote sensing, and environmental monitoring.
- The growing digital economy has opened new avenues for bilateral cooperation. Under connectivity initiatives linked to the Belt and Road Initiative, both countries have explored collaboration in telecommunications infrastructure, digital connectivity, and emerging technologies. These partnerships are expected to contribute to Pakistan's digital transformation and broader technological development.

- As Pakistan and China enter the next phase of their partnership, the bilateral agenda is expected to shift decisively from infrastructure-heavy investments toward technology-driven development and greater private sector participation. CPEC 2.0 reflects this evolution, with emphasis on advanced manufacturing, digital connectivity, and broader economic diversification.
- Any US–Pakistan rapprochement is assessed as tactical and short-term in nature, given that Pakistan's military, economic, and foreign policy structures are too deeply intertwined with China to permit meaningful strategic realignment. Pakistan's foreign ministry has formally conveyed to Beijing that its interactions with the United States will not compromise China's interests or the continuity of bilateral cooperation.

Key Areas of Future Cooperation

- Future cooperation is likely to focus on expanding industrial zones, digital infrastructure, renewable energy, and agricultural technology. These sectors align with both countries' broader economic priorities, including sustainable development, technological innovation, and regional connectivity.
- Over the past seven decades, Pakistan–China relations have evolved from an early diplomatic partnership into a broad strategic alliance encompassing trade, infrastructure, technology, and institutional cooperation. CPEC has been the defining vehicle of this transformation, driving substantial investment in energy generation, transportation, and regional connectivity.
- Looking ahead, the partnership is poised to enter a new phase centered on industrial development, technological collaboration, and economic diversification. CPEC 2.0 places particular emphasis on advanced manufacturing, renewable energy, digital infrastructure, and agricultural modernization — sectors that align with both countries' long-term development objectives and the imperatives of a rapidly evolving regional order.
- The Pakistan–China partnership remains a central pillar of regional economic cooperation. As both countries deepen engagement across emerging sectors and strengthen the institutional frameworks that underpin bilateral collaboration, the relationship is well-positioned to play a defining role in shaping economic connectivity and development across Asia in the years ahead.

About KTrade Securities Ltd.



1952-1990 Khadim Ali Shah Bukhari (KASB) is a trusted name in the financial sector since 1952. KASB Securities was one of the founding members of the LSE and ISE Stock Exchanges as well as the Pakistan Mercantile Exchange. Established technical JV with Merrill Lynch on Institutional brokerage (execution, research and corporate finance).

1990-2014 Responsible for landmark transactions in Pakistan including entry of China Mobile, privatization of OGDC, and GDR issue of Lucky Cement. Brought in investments of over \$10bn to Pakistan. KASB was rebranded as KTrade Securities in 2018. Launch of KTrade app for retail trading – one of the most downloaded apps in Pakistan.

2018 Onwards Global Reach with offices in the UK, Hong Kong and more recently Saudia Arabia. KTrade’s Corporate Finance Division has experienced resources with in-depth knowledge of equity, advisory, and debt products. Successfully advised and arranged Pakistan’s First CP for a Startup Company- 24 Seven. Expanding into other verticals such as education, agriculture, real estate, entertainment, fund management, etc. KTrade has launched a Shariah Compliant Money Market Fund with Alfalah Investments. KTrade’s collaboration with ANB Capital in KSA is also targeted to produce Top Quality Research and execute Investment Banking Transactions.

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