



## Cross-border logistics between Pakistan and China: Exploring the potential for Freight Entrepreneurs in CPEC

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**Abstract:** The logistics industry in Pakistan is experiencing significant growth, particularly as it serves as a cornerstone of the China-Pakistan Economic Corridor (CPEC), aimed at fostering regional connectivity. This study targets prospective entrepreneurs interested in facilitating the movement of goods via road transportation along the proposed CPEC route between China and Pakistan. Methodologically, qualitative research was employed to identify the potential opportunities for Pakistani entrepreneurs within the CPEC framework, focusing specifically on the transport and logistics sector. The study reveals that improved logistics services would not only enhance supply chain solutions across the two nations but also underscore the increasing importance of effective Supply Chain Management in a globalized context. Ultimately, the proposed approach aims to assist entrepreneurs in identifying and implementing logistic ventures along the CPEC route.

**Keywords:** Spillover effect, online search, Competitive reaction, Advertising strategy, Defaming product-harm crisis

### Introduction:

The China Pakistan Economic Corridor (CPEC) is being developed as a component of a strategic partnership between the Government of Pakistan and China. CPEC was publicized during the official visit of Pakistani Prime Minister to China in July 2013. CPEC is a long-term plan having a period of 2014 – 2030. CPEC would create enormous opportunities in freight and logistics and entrepreneur can benefit from these opportunities through improving its organizational capability. It is estimated that

100,000 more trucks are projected to be necessary for the transportation of construction materials, facilitating the flow of export-import trade, and accommodating the heightened volume of goods. [1]. If investments in the sub sector will not execute well ahead of the CPEC projects, this could lead to a surge in trucking costs, placing Pakistani exports in a less competitive position. Simultaneously, the cost structure of CPEC initiatives would experience an upward trajectory, resulting in heightened indirect

expenses. However, by furnishing Pakistani truck manufacturers with approximate figures, they can make investments in expanding their existing capacities in coordination with parts and component suppliers. This strategic approach would generate additional indirect advantages, including the creation of new employment opportunities within the industry and the realization of efficiency improvements driven by economies of scale [1] [2]. The CPEC is a mega project between Chinese government and Government of Pakistan. It was officially announced by President Xi Ji Ping on his visit in July 2013. CPEC is a long term project expanded over the years 2014 – 2030. CPEC is actually a structure for regional connectivity. It will not only benefit China and Pakistan but will have a valuable impact on Iran, Afghanistan, India and Central Asian Republic. In this economic corridor, there are multiple projects but the major and mandatory project for the successful completion of CPEC is road infrastructure project. This project has high significance because this road will develop communication between two countries and from the two to the rest of the world. CPEC is supposed to be a game-changer in the region. It will link Kashgar dry port with Gwader port of Pakistan via long mettle road as well as railways network. The currently used route by China is Kashgar dry port (China) and Shanghai sea port (China) which covers is about 5,153 km while the distance between Kashgar to Gwadar is about 2,800 Km. The Pakistani government claims that CPEC is not merely a project between China and Pakistan but a way forward for boosting the economy [3]. CPEC represents a comprehensive, long-term initiative aimed at fostering economic collaboration between the two nations. This collaboration primarily centers around the development of Gwadar

port, energy projects, transportation infrastructure, and industrial cooperation. CPEC is expected to yield substantial advantages for both countries. Upon the successful completion of energy and infrastructure ventures, Pakistan's overall conditions are anticipated to improve significantly. This will manifest as a more reliable and integrated electricity supply, enhanced transportation networks, and an improved standard of living for the populace. In addition to these major projects, the Government of Pakistan, in conjunction with the Chinese government's support, is actively establishing social welfare institutions, particularly in Gwadar. These include primary schools, vocational training centers, and hospitals. Furthermore, the government is extending medical, educational, and training projects to the KPK province, aligning them with the specific needs of the local population. These endeavors aim to swiftly translate the benefits of CPEC into tangible, accessible, and enjoyable outcomes for hundreds of thousands of families across the country.

Gearing to global need, the importance of efficient transportation management, which is being enhancing for entrepreneurs to be competitive figure in the global market. Consequently, the companies who want to have benefits from international supply chains are using global sources [4]. This has off course potential benefits but still some hurdles involve for which companies usually rethink on strategies since challenges lie ahead. The main bottlenecks are long geographical distances and cost of transportation. However, it revealed that global sourcing is a observable fact in international transportation management can be the entrepreneur strength [5].



Figure-1- Gawadar as Gateway for Central Asian States (Balochlinguist, 2015)

The CPEC comprises an extensive network of roads, highways, and railways connecting China's Kashgar Dry Port to Pakistan's Gwadar Sea Port. The total length of this route, stretching from Gwadar to Khunjerab, spans 2688 kilometers, encompassing diverse terrains, including mountains, rolling landscapes, and flat terrain. For CPEC, roadways with 2 to 6 lanes have been

planned, with each lane measuring 3.65 meters in width. The design speed for the CPEC route ranges from 70 kilometers per hour to 120 kilometers per hour. The proposed road map of CPEC and different phases of highways are shown in the following map. Basically this corridor composed of three distinct routes (Figure No: 1.1)



Figure-2- Routes of CPEC from Gwadar to Khunjerab (NHA, Pakistan, 2016)

This topic is motivated by the fact that Pakistan requires many reforms in the

logistic industry. As the people are not aware of the processes, through which they can find

entry for themselves in the logistics of CPEC. The aim of the CPEC is to connect Kashgar, which is the major trading hub in western China with Gawadar port of Pakistan. Currently, China is using Malacca for export and import, which requires 45 days atleast for the delivery of the products. After the successful completion of CPEC, it will reduce the trade route upto 10000

### **Significance of Multi-Dollar-Project CPEC**

After the completion of CPEC, Pakistan will be the transshipment hub and there will be so much to transport through this road to neighboring country and European and African states Pakistan has a transit of economy. Pakistan shares a border with Afghanistan, a landlocked country. Therefore, Afghanistan is reliant on Pakistan as a conduit for its trade with other nations. China, known for its remarkable economic growth, boasting a robust 9% GDP rate [6], is actively developing the CPEC. This initiative is driven by the fact that China's own seaport is located at a considerable distance of 5,153 kilometers from western China. In contrast, the Gwadar seaport in Pakistan is much closer, at a distance of approximately 2,800 kilometers.

Furthermore, Pakistan's strategic geographical location positions it as a pivotal gateway to Central Asia. This geographical advantage offers Central Asian states, including Afghanistan, Kyrgyzstan, Kazakhstan, Tajikistan, Turkmenistan, and Uzbekistan, a significantly shorter trade route spanning 2,600 kilometers. This is in stark contrast to the longer routes of 4,500 kilometers through Iran and 5,000 kilometers through Turkey. A study [7] pointed out that China's "One Belt, One Road" initiative serves as the overarching framework for the CPEC. CPEC holds the potential to address Pakistan's energy challenges while also offering China a more direct route to the Persian Gulf. It was anticipated that

kilometers. China can deliver products in mere 10 days compared to current transit time i.e. 45 days. Pakistan will be the transshipment hub in the next few years and all the trade activity will be done through Gawadar Port. Pakistan logistic industry requires many reforms to create opportunity for his own nation.

Pakistan's GDP growth rate would reach 6% between FY 2016-2018. Short-term CPEC projects were completed by 2017, with medium-term projects slated for completion by 2025, and long-term projects expected to wrap up by 2030. In addition to the economic opportunities that CPEC promises, there are also political and security concerns within Pakistan that require vigilant attention. This study aims to comprehensively explore various aspects of the CPEC and provide an overview of existing literature on this subject. It elaborates the review of opportunities and significance arising out of CPEC, for both countries i.e. China and Pakistan. In order to assess the potential threats and constraints to CPEC [8] highlighted that political stability is important for CPEC, as it will create more opportunities for Pakistani people. If peace and stability is achieved, Pakistan can easily provide funds for CPEC projects so it will not be delayed. China and Pakistan will construct eastern route first because it is more secure and investors are willing to invest in this region. In another study [9] has given emphases on the imperative for significant reforms in our governance structure to take maximum advantage of the CPEC and its dividends bearing positive results to the socio-economic expansion of the country. Another research study [1] emphasized that China's One Belt One Road (OBOR) initiative, recently unveiled, is geared towards constructing a comprehensive logistics network across the nation. The initiative also involves

expanding the warehousing and distribution infrastructure between major Pakistani cities, with a specific focus on the storage and transport of grains and vegetables. Additionally, nine Special Economic Zones (SEZs) are being established along the CPEC route. These SEZs are designed to attract foreign companies to invest in various facilities, including factories, warehouses, and logistics centers, with the aim of catering to the Pakistani market's needs and facilitating exports.

#### Literature

CPEC is in the process of development as a component of the strategic alliance between the governments of Pakistan and China. The announcement of CPEC came about during the visit of Pakistan's Prime Minister to China in July 2013. This economic corridor, known as the China-Pakistan Economic Corridor (CPEC), is part of a long-term plan spanning the period from 2014 to 2030. CPEC would create enormous opportunities in freight and logistics and entrepreneur can benefit from these opportunities through improving its organizational capability.

As mentioned by [7][8], Logistics encompasses the seamless integration of various critical operations, including information management, warehousing, inventory control, packaging, and material handling, among others. It serves as the pivotal component of the supply chain, responsible for facilitating the movement of goods in both forward and reverse directions. Logistics serves as the linchpin that binds together the various functions within the supply chain. Conversely, the logistics organizational network comprises key elements such as material suppliers, transportation entities, and end customers. The effectiveness of logistics is contingent upon the quality of infrastructure in place. This implies that logistics efficiency can be enhanced by employing shorter routes or by investing in superior infrastructure. In the

contemporary business landscape, logistics has evolved into a competitive advantage for enterprises. Organizations create values for its customers and for themselves by expanding new logistics capabilities [9][10]. The field of logistics presents a significant opportunity for entrepreneurs. In numerous companies, logistics is often underestimated and seen primarily as a cost center rather than a strategic asset. Nevertheless, logistics should indeed be regarded as a strategic asset, and progressive organizations leverage it as a means of gaining a competitive edge [11]. Transportation plays a vital role in orchestrating logistics operations. With the evolution of logistics stemming from the mid-20th century and its subsequent adaptation to the trends of globalization and nationalization in recent decades, the significance of logistics management has experienced substantial growth across diverse sectors. In the realm of industries, logistics serves the purpose of optimizing prevailing production and distribution procedures [12].

Another study [13] produced an introductory work on the economics of small businesses, marking a significant step towards integrating entrepreneurship into the field of development economics. This work sheds formal light on the role of entrepreneurship within the context of developing countries, a dimension that had long been overlooked. The study stated that more than a billion humans living in absolute poverty, it holds significant practical importance to comprehend when entrepreneurship acts as a constraining factor in economic development and progress in developing countries. This in turn requires at least a deeper theoretical modeling. The development economists now routinely advocate the building and designing of appropriate organizations for development, such as the rule of law, property rights, contract enforcement, and accountability and good governance [14],

and entrepreneurship scholars now accept that the allocation of entrepreneurship towards particular activities, be it productive or unproductive or even destructive [15], are the outcomes of institutions [16][17].

Studies highlighted that there are numerous inside and outside challenges for Pakistan government to implement CPEC the billion dollars venture [18]. However, CPEC could be a game changer project that could significantly impact the Pakistan's future and will help Pakistan modernize. It will bring expansion to the economy and trade, upgrade territorial network, overcome energy crises, develop infrastructure and set up contacts between the people in both the countries. This mega project will provide a 2,000 km transport link between Kashgar to the Gwadar port on the Arabian Sea near the border with Iran. When this project will be completed, oil from the Middle East could be off loaded at Gwadar, which is situated just outside the mouth of the Gulf, and transported to northwestern China through Baluchistan and over the Karakoram highway. A study [6] revealed that although CPEC is a venture between Pakistani and Chinese governments but there are Obstacles in the political, security, and economic fields including political instability and insecurity. However looking at the CPEC, China's main focus is on constructing this route appears to support its trade and economic engagement with nations in the region and primarily to fulfill its rising energy requirements and expand exports, it is expected that Pakistan may appear as a pivot of commerce and trade in the constituency with the creation of the CPEC that would necessitate establishing abundant economic, industrial zones, physical roads, railways connecting Pakistan and China.

A study [19] pointed out that various projects can facilitate the transfer of technology and technical skills to Pakistan, enhancing its capacity for innovation and development. In

order to assess the potential threats and constraints to CPEC [20] highlighted that political stability is important for CPEC, as it will create more opportunities for Pakistani people. If peace and stability is achieved, Pakistan can easily provide funds for CPEC projects so it will not be delayed. China and Pakistan will construct eastern route first because it is more secure and investors are willing to invest in this region. In another study [21] has given emphases on the imperative for significant reforms in our governance architecture to take full advantage of the CPEC and its dividends bearing positive results to the socio-economic expansion of the country. Entrepreneurship is the route to new businesses or ventures while building and uplifting it to generate a healthy profits. However, according to the basic entrepreneurship definition, it is about transforming the world by solving big problems. Like initiating social change, creating an innovative new products or presenting a new life-changing solution. An entrepreneur is an individual who builds a business with the mission to make a profit [22][23].

Today, it is taken as matter of course that entrepreneurship is indispensable for economic expansion. At least this is so in the disciplines of entrepreneurship and business management, where claims for the significance of entrepreneurship in the economic advancement process abound. Therefore, it has been claimed that entrepreneurship is the main source of economic expansion [24], "the more entrepreneurs there are in an economy, the quicker it will grow [25], and that the engine of economic progress is the entrepreneur [26]. These are just a few examples. A latest special edition of Small Business Economics was presented with the statement that Entrepreneurship is perceived to be an important instrument for economic

advancement through employment, innovation and welfare effects [17]. Nowadays, the bulk of the entrepreneurship literature is concerned with the person choice to become an entrepreneur, the determinants hereof and personal characteristics, and the growth, success, failure, and exit of entrepreneurs from the marketplace. As stated by [27], this literature has typically not considered the implications for the broader economic context, and as admitted by [28], they possess limited knowledge about whether and how entrepreneurship either contributes or does not contribute to economic expansion in developing countries. Empirically, entrepreneurship is regarded as a primary mode of economic expansion; indeed most job creation occurs in small [29][30][31]. Going further, [32] suggests that entrepreneurship is often considered as a primary source of economic expansion. Researchers persist in investigating the impact of entrepreneurship on the growth and maturation of economic sectors. Although entrepreneurial activity plays a pivotal role, there exists a divergence of opinions concerning the precise connection between entrepreneurship and economic advancement. A significant portion of research operates on the premise that entrepreneurial innovation fuels economic growth, with a predominant focus on product innovation as the primary driver of economic progress. (e.g.,[33]), other scholars also advocate for the importance of process innovation [34]. Other work (e.g., [35] suggests that entrepreneurship produces knowledge spillovers arising from agglomeration, which resulting in economic expansion.

Another study [36] determined that logistics grasp a great array of opportunities for young and passionate entrepreneurs. The logistics business is subject to certain dynamics notably tax reforms, FDI relaxation, and government's extra initiatives, which may

offer challenges for the new startups and their long existence. Another economist, [37] [38] revealed that employees entrepreneurial intention is lower the more they identify with their job. However gender, education, and previous entrepreneurial experience matter, leadership and having entrepreneurial parents seem to have no impression on the entrepreneurial intention of employees. Entrepreneurship has emerged as a significant economic and societal force, garnering attention as a subject of extensive research and a distinct field of study. Although entrepreneurship is not a novel concept, it has regained prominence, especially in the realm of scientific inquiry. Entrepreneurship is widely recognized as a catalyst for innovation and economic efficiency, and it also stands out as a potent generator of employment opportunities. [39]. Entrepreneurial activity often share close ties within various contexts. In most cases, entering a competitive market involves some form of entrepreneurship, and the potential for competition frequently hinges on the potential for entrepreneurial endeavors. A classic competitive market structure typically involves numerous firms offering closely substitutable products or services, and these firms often emerge as a result of entrepreneurial initiatives. However, there exists a line of economic thought suggesting that competitive conditions or market structures may not always be conducive to entrepreneurship, especially in developing economies. This hypothesis is frequently associated with the work of Schumpeter, particularly in the context of entrepreneurship originating from and driven by research and development (R&D) [40].

Innovative entrepreneurs conversely have risen as a origin of growth for traditional units of economic analysis, encompassing individual behavior with respect to the organization, region and nation [17] [41] [42] [43][44][45]. However, many scholars

are eager in understanding those factors that encourage entrepreneurship, and especially entrepreneurial activity based on knowledge [46]. According to these authors, institutional factors are the important elements in enlightening entrepreneurship rates at the individual and country level. Generally, in growth theory, it is postulated that the entire geographic context, typically a country, will automatically receive advantage from accurate institutional arrangements [47][48]. The general approach of this underlying assumption is that better institutions are spontaneously available to all the mediators in the economic process. Since institutions behave like a public good, all agents will benefit from these dynamics, which will uplift the rate of economic growth [49] in a knowledge based economy.

Utilizing institutional economics proves particularly valuable in the realm of entrepreneurial research. In this regard, the deliberate choices made by innovative individuals regarding entrepreneurial decisions may be contingent upon the environment in which they operate, potentially resulting in diverse growth patterns [50]. Thus, Institutional factors play

#### Entry Point for Entrepreneurs

The second objective of the study was to determine the entry point for the potential entrepreneurs' in CPEC logistics. It was revealed that there is no documented criteria available in concerned offices or available literature, which can show the entry point for an entrepreneur in CPEC. However, during the visit to different concerned offices and interviews with the respondents the criteria for entering into the national and international logistic was asked verbally. It was also revealed that presently none of the national logistic company or International/foreign Company having commercial presence of logistic transport between two countries (Pakistan & China) in

a significant role in shaping the productive and entrepreneurial choices made by individuals [46]. This concept has extended its influence into entrepreneurship research, where it is recognized that both formal and informal institutions have the potential to either limit or promote to establish a new businesses, particularly concerning knowledge and perceptions of opportunities [51]. Hence, some researchers propose the application of institutional economics to the exploration of entrepreneurship [40][51][46][52][53][54][55]. One perspective to this framework is outlined by [56] who advise five dimensions of the entrepreneurial environment: a) government rules and procedures, b) social and economic aspects, c) entrepreneurial and business skills, d) financial assistance to businesses and e) non-financial assistance. Building upon this study, and incorporating the approach of [49][57], government rules and procedures and financial and nonfinancial aid to businesses are related to formal institutions, meanwhile social conditions, such as confidence and perceptions of the environment, concern informal institutions.

Pakistan. However in future once CPEC will be functional both national and International logistic companies will be allowed to operate after having registration with concerned authorities. They would have to ask for enrolment/approval of Ministry of Communications.

To grant the approval for Cross Border Logistics (CBL) in CPEC the Ministry will check the following pre-requisites both for national/International logistic entrepreneurs as determined from the interview with Director Roads & Transport- Ministry of

#### Communications Pakistan:

a. The Transport Company should be registered under the Companies Ordinance with Securities and Exchange Commission



of Pakistan (SECP).

b. The Company should be a Public or Private Limited Company.

c. The Company should have a valid NTN/ Income Tax/ Sales Tax Registration.

d. The Company must have a minimum number of vehicles registered in the name of the Company as given below:

Local Transport Company -- 5  
Vehicles.

e. Minimum 3 Axle Trucks.

f. The vehicle must have valid fitness certificate issued by a Competent Authority acceptable to this Ministry for International transport Operations.

g. Fitness certificate for international transport operations will be issued by the Provincial Governments and will be authenticated by NH&MP.

h. National transport companies desirous for investment abroad/ incorporation of companies abroad should seek prior approval from State Bank of Pakistan (SBP).

i. National Companies should share a proposal including their local and foreign currency payment modalities with State Bank of Pakistan (SBP) along with the details of their cross border agreements, if any.

j. A Logistic Company seeking a license for cross border goods transport operations shall submit attested documents including valid vehicle registration and vehicle fitness certificate (validated by NH&MP) and an updated list of drivers along with their valid driving licenses with the application. The list of drivers will be updated after every six months or whenever there is a change in the list.

k. Upon receipt of the application, the Ministry of Communications will forward particulars of the company to relevant security agencies through Ministry of Interior for security check which will be an ongoing process.

l. The logistic company will be registered for international Logistic Operations upon fulfilling the above requirements for five years which will be renewed for another term upon adequate performance. However, the enrolment of company is liable to immediate cancellation/blacklisting upon receipt of any adverse remarks from a security agency at any time.

m. NTRC under Ministry of Communications will maintain the database for various aspects of enrolled companies and cross border traffic including both national and foreign vehicles. The database includes but is not limited to No. of vehicles, transport operations, drivers registration of vehicles and fitness certificate etc.

n. The logistic companies should be required to deposit an undertaking on judicial paper to the effect that they will operate the transport in accordance with the rules / regulations and policies of the Government in case of any loss or damage incurred in Pakistan or abroad due to a deficiency in the required documents or any other mal-practice will be solely their responsibility.

For cross border logistics following will be the pre-requisites for the National Logistic Entrepreneurs/Operators.

a. The Transport Company should be registered under the Companies Ordinance with Securities and Exchange Commission of Pakistan (SECP).

b. The Company should be a Public or Private Limited Company.

c. The Company should have a valid NTN/ Income Tax/ Sales Tax Registration

d. The Company must have a minimum number of vehicles registered in the name of the Company as given below:

Company with Foreign share -- 10  
Vehicles

e. Minimum 3 Axle Trucks.

f. The vehicle must have valid fitness certificate issued by a Competent Authority

acceptable to this Ministry for International transport Operations.

g. Fitness certificate for international transport operations will be issued by the Provincial Governments and will be authenticated by NH&MP.

h. A foreign Company intending to pursue cross border logistics must have joint venture with local company and maximum foreign equity would be 70%.

i. International Transport Companies should approach State Bank of Pakistan (SBP) through Authorized Dealer (Bank) for registration of their FDI (inwards) within 30 days of making their investment in Pakistan.

j. International Companies should share a proposal including their local and foreign currency payment modalities with State Bank of Pakistan (SBP) along with the details of their cross border agreements, if any.

k. A Logistic Company seeking license for cross border goods transport operations shall submit attested documents including valid vehicle registration and vehicle fitness certificate (validated by NH&MP) and an updated list of drivers along with their valid driving licenses with the application. The list of drivers will be updated after every six months or whenever there is a change in the list.

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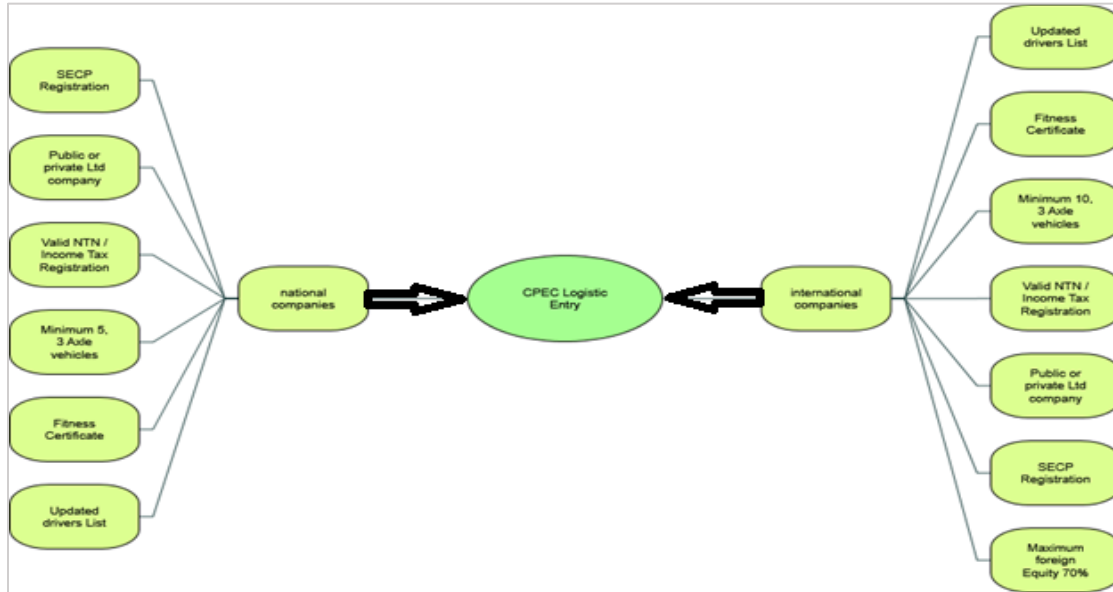


Figure 4.2 Logistic Company Registration Process at Ministry of Communication

Opportunities identified by the respondents in CPEC for Entrepreneur

The interviews with respondents revealed that there are several

opportunities on CPEC for entrepreneur including logistic entrepreneurs. The Figure No 4.4 shows the percentage of the respondents who identified the entrepreneurships in different disciplines.

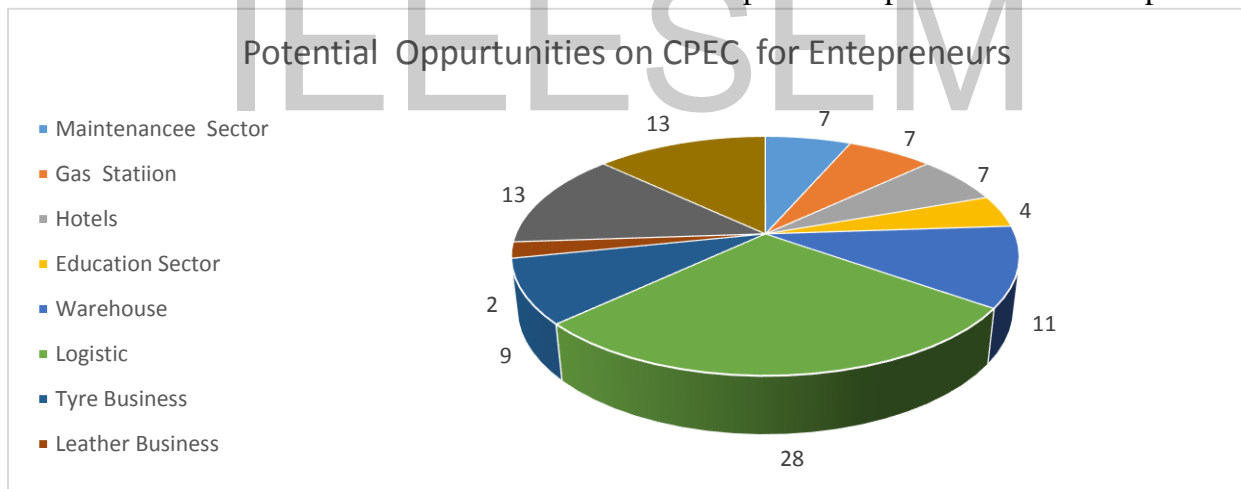


Figure No 4.3: Potential Opportunities for the entrepreneur on CPEC

Almost all the respondents identified that there are many opportunities for logistic entrepreneurs on CPEC. As CPEC is expected to use as one road for transportation to support different businesses. However, the respondents also informed that in addition to logistic maintenance sector, gas station installation, hotel business, development for education, warehouses, tyre industry, leather business and petrol pumps establishing could

be potential businesses for entrepreneurs along CPEC and this correlates with the innovative business model in logistic services [10]

**Barriers/hurdles for entrepreneurs on CPEC**

The study also identified the barrier/hurdles, which can be faced by entrepreneurs while establishing logistics business or any other business along CPEC.

During the interviews with respondents different barriers have been identified including security issues, natural hazards, Religious issues, non-trained drivers, issues related to 18<sup>th</sup> Amendments(Provincial), Government policies, behaviors of Pakistani Police and customs personnel's, language, traditional warehouses, taxation system, custom processes, reforms in banking sector, female involvements (harassments) and smugglings etc. Certain barriers which are discussed below should be addressed to create opportunity for entrepreneurs in the international and national logistics.

1. There is a lack of professional truck manufacturing companies as per international standards, which need to be established in near future.

2. Climatic/ weather conditions along the CPEC especially in Gilgit Baltistan and the Khunjerab Pass are not favorable due to which sometime for long time the traffic remain blocked and wastage of time occurs.

3. Police check posts and the behavior of police personnel's is the biggest obstacle in their way towards in many cases e.g. if accident occurs whether there is a mistake of truck driver or not the truck is held in the custody of police for many days due to which transporters have to face loss, late delivery, sometimes temperature sensitive products get expired.

4. In some areas, there is time restriction for trucks which cause delay in delivery which is a big wastage of time especially when driver travel by time management.

5. Overloading: To increase their income, transporters often turn to the practice of excessive loading. This results in pavement damage, decreased speed, and more frequent vehicle breakdowns. This, in turn, makes the timely delivery of goods uncertain and often results in delays. In Pakistan, the product manufacturers prefer transport companies who violate the rule of axle load because it

increases the profit. The fine for overloading is not enough in Pakistan. According to NH&MP, the fine for over loading is from 1000rs to 5000rs which is not enough.

6. Non Professional Drivers: The transport business have extreme threat. Expensive trucks are in hands of non-professional drivers. Most of the drivers are not educated and they use drugs in routine because of no service and pay structure policy has been made by the government. There is a need to make policies for medical checkup of the drivers quarterly.

7. Less profit: Due to heavy taxes ,toll rates and expenses the profit is not too much because of which transporters don't maintain their vehicles on international standards.

8. Trucks Entry across Border: Pakistani trucks are not allowed to enter China but Chinese trucks have access till Sust Border in Pakistan. The Govt. of Pakistan must revisit the rules and regulations for this.

9. Emergency aids for trucks: When truck faces accident, there is no proper rescue system.

10. Engagement of truck freight for strikes/protest: Whenever, there is any protest or strikes the law enforcement agencies take the freight/ container for road blockage purpose which waste time and effects business.

11. New Trucks: The transporters in Pakistan prefer Japanese trucks over Chinese trucks but there is a heavy duties on Japanese trucks and European trucks that's why it is not feasible for the transporters to import the new model trucks from the international market.

12. Registration process: The procedures of registration as Logistic/transporters on CPEC is very complicated and lengthy which need to make simple by the Ministry of Communication. The best option is one window operation at NHA head quarter.

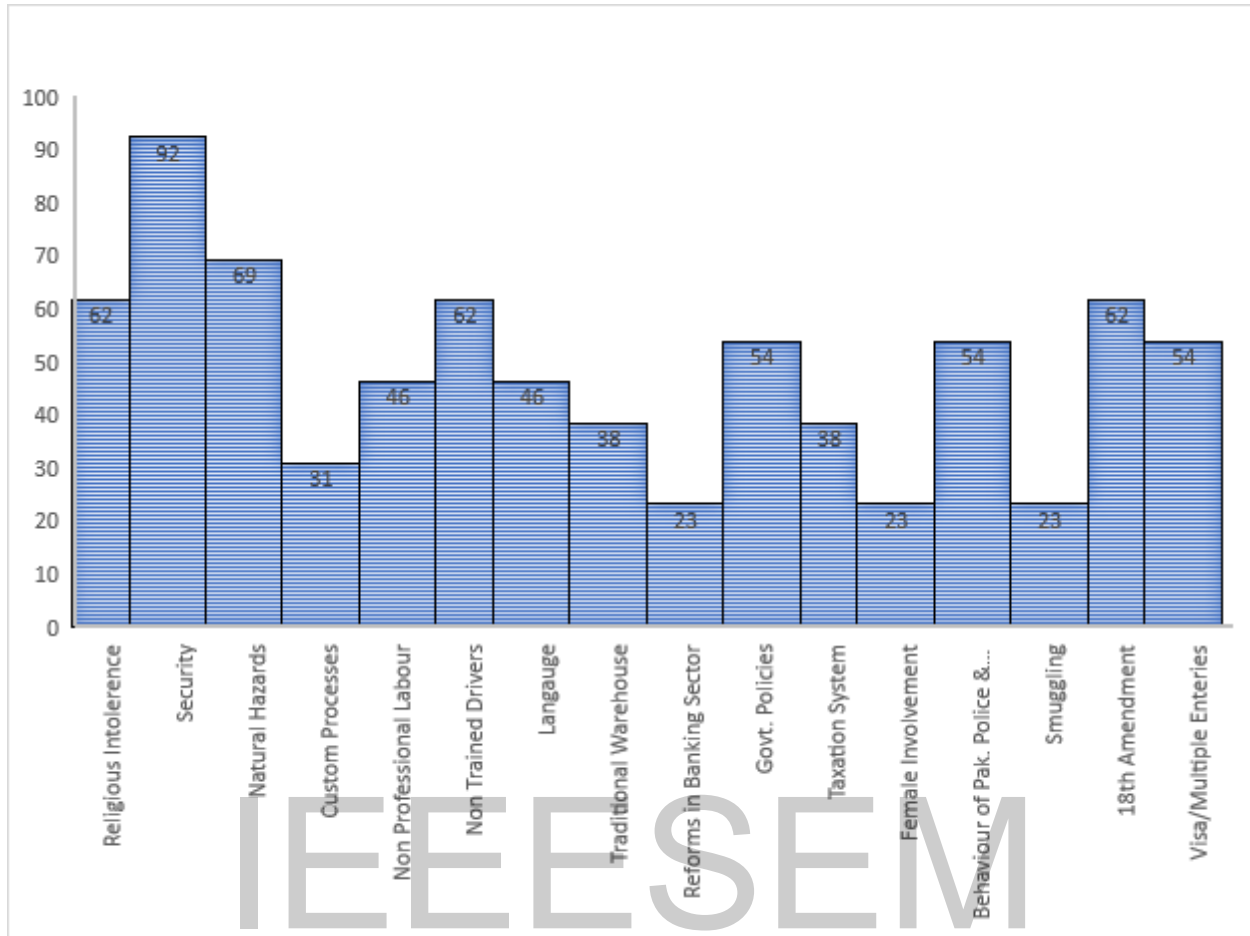


Figure No 4.4: Percentage of different barriers for entrepreneur on CPEC.

### Conclusion

As CPEC is claimed to be a game changer by many of the experts [1] and after its proper functioning Pakistan will be the transshipment hub so if our people want to grab the opportunity for business we must have to bring reforms in the present system. Moreover, the current problems of the logistic industry should be addressed before CPEC completion and we should prepare ourselves for the upcoming project to be more successful. The present study concluded that prior to this study clear picture of information is not available for entrepreneurs to be the part of CPEC in future. There are certain rules and regulations that exists for entrepreneur that must be aware off. Therefore, this study highlighted these rules and regulation as the case may be.

Pakistan is among the limited number of countries globally that do not maintain a distinct ministry dedicated to logistics and transportation. Considering the sector's growing significance within the entire regional supply chain, particularly with the inauguration of the CPEC, the establishment of a dedicated ministry would serve as a central hub for the industry. It is advisable for Chinese enterprises to establish connections with local firms or explore the possibility of joint ventures to effectively manage the handling of transshipment or transit cargo via the Gwadar Port. Additionally, present study highlighted different barrier for entrepreneurs in CPEC which main include the Government policies, behaviors of Pakistani Police and customs personnel's, language, traditional warehouses, taxation system, custom processes, reforms in

banking sector, female involvements (harassments) and smugglings etc.

It is hoped that Pakistan will emerge as a central point for transshipment trade once the CPEC becomes fully operational. As a participant in the Convention on International Transport Routes (TIR Convention), Pakistan has established a vital connection for international goods transportation under this agreement. Importantly, various Customs border posts, including Gwadar, Taftan, Chaman, Turkham, Sust, and 12 dry ports across the nation, are already in compliance with TIR standards. These Customs posts are seamlessly interconnected through the WeBOC system, ensuring full compliance and connectivity for TIR. This streamlined arrangement will greatly expedite the transit and transshipment of cargo throughout the country.

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