

January 2016

NEWS COVERAGE PERIOD JANUARY 25TH TO JANUARY 31ST, 2016

PROTESTERS DEMAND PROPER SHARE FOR GB IN CPEC

Dawn, January 25th, 2016

ISLAMABAD: A large number of people belonging to Gilgit-Baltistan, including members of the area's legislative assembly, on Sunday held a protest demonstration in front of National Press Club demanding proper share in China Pakistan Economic Corridor (CPEC).

They also demanded that GB should be declared the fifth province of Pakistan so that the people of the backward area could get their basic rights. The protest was organised by the Youth of Gilgit-Baltistan, a non-political platform representing the youth of the area.

Speaking on the occasion, member of the legislative assembly, Kacho Imtiaz, said people of GB could not get their basic rights even after 68 years.

“We had passed a resolution in the legislative assembly that there should be three hubs of CPEC in GB but only one station is being given to us for loading and unloading of goods. Moreover, no industrial zone is being set up in GB,” he complained.

Another MLA, Haji Rizwan, said basic rights should be ensured for the people of GB.

“Moreover, the government of PML-N should implement the National Action Plan (NAP) in its letter and spirit and take action against terrorists instead of using the law for its own benefits,” he said.

The protesters also demanded that Gilgit-Baltistan should get representation in the National Assembly, Senate and the National Finance Commission.

Talking to Dawn, chairman of the GB Youth's coordination committee, Hasnain Kazmi, said the government should give basic rights to the people of GB.

“We will not allow any proposal to divide GB in different parts. We want that the whole GB should be declared as the fifth province of Pakistan instead of merging some of its areas into any province,” he said.

He said there was also no internet facility in most parts of GB and in some areas where internet was available, the speed was slow. A fiber optic cable is being laid from China to Pakistan but it has been learnt that GB will get an internet link from Rawalpindi instead of the main line passing through the area from China.

“CPEC will pass through 600 kilometres area of GB but it is unfortunate that we are not getting even a single industrial zone or any project for the development of the area,” he said.

Moreover, he added, during the government of the PPP, two million bags of wheat were being provided to GB on 50 per cent subsidised rates but the PML-N government initially tried to decrease the subsidy and later on public protest reduced the number of wheat bags to 1.1 million.

Since then, the people have not been able to get the basic commodity on the subsidised rates, he said.

Mr Kazmi said GB was the only area which wanted to become a part of Pakistan but successive governments in Pakistan never wanted to merge it into the country and give the inhabitants their constitutional rights.

<http://www.dawn.com/news/1235254/protesters-demand-proper-share-for-gb-in-cpec>

MAKING SENSE OF THE CPEC CONTROVERSY — II

The Express Tribune, January 29th, 2016.

Rafiullah Kakar

In my last article, I deconstructed the government's claims about having prioritised the western route of the China-Pakistan Economic Corridor (CPEC). In this piece, I critically examine the various justifications advanced by those defending the prioritisation of the eastern route.

The federal government claims that China is investing \$35 billion in different energy projects with Sindh and Khyber Pakhtunkhwa (K-P) having the highest share, followed by Balochistan and Punjab.

This is foreign direct investment (FDI), meaning that the Pakistan government has no say in deciding the location of the projects. Moreover, it has also been claimed that China prefers the eastern route and that there is no Chinese investment for constructing new roads.

While Chinese investment preferences should be respected, the federal government should not be oblivious to its negative distributional impact. Empirical evidence shows that FDI increases regional inequality in low and middle-income countries since the many different regions of a country usually do not receive it in equal measure.

Nevertheless, the government through various policy instruments can mitigate the negative distributional impact of FDI on the state of regional equality. In this regard, China's example is very relevant. In China, FDI has been concentrated on strongly urbanised coastal regions and has been a major driving force behind the strong increase in regional inequalities in the 1980s and 1990s.

However, the Chinese government has implemented special development programmes for the lagging western part of the country, which seemed to have been quite successful.

As a matter of fact, the CPEC is a part of the efforts aimed at bringing the underdeveloped western parts of China on a par with the rest of the country. Rather than following the Chinese way, the Pakistan government has ostensibly let the market shape and determine public policy choices.

Out of the \$21 billion worth of "priority energy projects", there is only one project in K-P (worth \$1.8 billion) and two in Balochistan (worth \$1.3 billion), accounting for 8.5 per cent and six per cent, respectively, of the total investment categorised as "priority".

The Gaddani power project, which was abandoned by the federal government in January 2015, has been re-included in the "actively promoted projects". The government maintains that no project can be made area-specific except coal projects, which have an inherent area bias because of the natural location of the source.

Based on this logic, it won't be unfair to argue that the power generation potential of Balochistan's coal reserves has been ignored. Balochistan has the second-largest coal reserves in the country. It has six developed coalfields, all of which are located in the province's northern part.

The coal quality is adequate for power generation through small power plants of up to 25MW capacity. Currently, 90 per cent of Balochistan's coal is transported to other provinces for use in brick kilns. In contrast, most of the current coal power projects would be run on imported coal, thus increasing the country's import bills significantly.

The argument that China prefers the eastern route and is providing loans only for upgrading existing infrastructure is untenable.

The argument about respecting investors' preferences only applies to the \$35 billion worth of FDI. It does not apply to the approximately \$11 billion concessionary and commercial loans taken for infrastructure projects.

Decisions regarding the utilisation of loans can be made by the Pakistan government independent of the Chinese and other donors.

And the government clearly prioritised building highly costly motorways in Punjab and Sindh over developing the western route. It has acquired loans from China and other donors to finance the building of the motorway. If the western route was the priority, the motorway project or parts of it could have been put on hold and the loans could instead have been used for building at least a four-lane highway on the western alignment.

Out of the \$11 billion CPEC loans for infrastructure, not even a penny has been earmarked for the western route. Secondly, if the Chinese are unwilling to finance the construction of new roads, then how can the financing of the Lahore Orange Line Metro Train Project be explained? China is providing a Rs162 billion loan for the mere 27.1km long metro train project, which not only involves building new infrastructure but also the destruction of some existing infrastructure.

Lastly, if the route of the corridor depends on the availability of pre-existing roads and facilities, then the logical route appears to be the Karachi-Lahore-Rawalpindi-Hasan Abdal-Khunjerab one, with two developed ports already there (Karachi and Bin Qasim), two national highways (N-5 and N-55) and several economic centres along the way. If such justifications are used, the entire rationale for development of Gwadar port disappears.

There have also been claims by the authorities that the debate on the installation of energy projects in any specific province is futile as electricity generated anywhere will be injected into the national grid and will be available for all the provinces without any discrimination

This would be true only if all provinces had been fully connected to the national grid. At present, large swathes of rural Balochistan, Fata and K-P are not connected to the national grid.

For instance, only 25 per cent of Balochistan's population has access to electricity compared to 75 per cent in the rest of the country.

The existing transmission lines are weak and old, and unable to sustain the additional power burden. So even if the national grid has surplus electricity, large areas of Balochistan, owing to non-connectivity to the national grid, are unlikely to benefit from it.

In the next part of this series of articles on the CPEC, I will examine the way our public policy is developed and the trade-off that often occurs between concerns for equity and those for efficiency.

<http://tribune.com.pk/story/1035871/making-sense-of-the-cpec-controversy-ii/>

CPEC: SINDH OWNS EXTRA LAND PORT QASIM IS WORKING ON, SAYS CM

The Express Tribune, January 29th, 2016.

KARACHI: Sindh Chief Minister Syed Qaim Ali Shah has said that the centre is reluctant to accept that the extra land Port Qasim is using for commercial activities and the land it has reclaimed from sea belongs to the provincial government.

“We would never create any hurdle in the projects launched under the China-Pakistan Economic Corridor (CPEC) but we just want acceptance of our right on the land we had given to Port Qasim .”

He said this while talking to a parliamentary committee on CPEC led by Mushahid Hussain Syed who came to see him here at the CM House on Thursday.

Hussain thanked the chief minister and said that the Chinese power company installing a power plant at Port Qasim was facing a land problem because the Sindh government was not issuing them a lease. "We request you to please issue the land lease for the power plant," Hussain said.

The chief minister said that the PQA was given a huge land for port activities only. The extra land they work on belongs to the Sindh government. "In principal, the PQA would surrender its extra land back to Sindh," he said, adding that PQA has reclaimed land from the sea as well. He added that according to the law, land reclaimed from the sea is automatically owned by the provincial government.

MNA Umer Asghar said he agreed with the Sindh chief minister. "This is a principal stand of Sindh government and needs to be accepted," he suggested.

Senior Minister Syed Murad Ali Shah said that the federal government should declare Keti Bander as a coal-based power park. "When you install power plants you need water. At Keti Bander enough water is available," he said. "The Sindh government was ready to lay the railway lines from Thar coal to Keti Bander for coal transportation for the power project."

Hussain and his committee said that they would talk to Prime Minister Nawaz Sharif about all the issues raised by the Sindh government. "We would hold a meeting in Islamabad and invite all the chief ministers and their concerned cabinet members to sort out outstanding issues."

<http://tribune.com.pk/story/1035871/making-sense-of-the-cpec-controversy-ii/>

GOVT URGED TO STICK TO ORIGINAL CPEC ROUTE

Iftikhar Marwat

The News, January 31, 2016

ISLAMABAD: The elders and elected parliamentarians of southern districts of Khyber Pakhtunkhwa have asked the government to actualise the original route of China-Pakistan Economic Corridor (CPEC).

Speaking at a gathering here, they said the original route goes through Dera Ismail Khan, Lakki Marwat, Bannu, Karak, Kohat and then to Hassanabdal through Attock bridge, with full facilities like six-line road, railway lines, optic fibre line and LNG.

PML-N's provincial general secretary Rehmat Salam Khattak had convened the meeting at a hotel here, which was attended by elders and political leaders from Kohat, Hangu, Karak, Bannu and Lakki Marwat. It was demanded that the very initial route of CPEC should be actualised with all facilities. It was also decided that a committee would negotiate with all stakeholders including provincial, federal government and army chief.

The committee members are Afrasiyab Khattak, Salim Saifullah Khan, MNA Col Amirullah Marwat, MNA Shehryar Afridi, provincial ministers Malik Qasim Khan, Shah Mohammad Wazir, MPA Zarin Zia Marwat, MPA Malik Riaz, Rehmat Salam Khattak and Abbas Afridi.

The committee will take onboard provincial government and political leaders including Maulana Fazlur Rehman, Ameer Haider Hoti, Aftab Sherpao and ask the federal government to give due share to the southern districts of Khyber Pakhtunkhwa in CPEC.

The committee members would also call on Prime Minister Nawaz Sharif, Army Chief Raheel Sharif and Federal Minister Ahsan Iqbal and pursue the case of southern districts.

It was also decided in the meeting that they would take every step to compel the government to ensure that the corridor goes through the mentioned districts, which was the initial route decided with Chinese authorities.

The leaders demanded that Indus Highway be developed as six-pronged motorway, which is the shortest route.

They said that they would launch protest campaign and all the people of the abovementioned districts would stage sit-ins in Peshawar and Islamabad if their demands were not fulfilled.

<http://www.thenews.com.pk/print/95011-Govt-urged-to-stick-to-original-CPEC-route>

NEWS COVERAGE PERIOD JANUARY 18TH TO JANUARY 24TH, 2016
CPEC DETAILS NOT FULLY SHARED, CLAIMS SENATE COMMITTEE

Dawn, January 19th, 2016

KALBE ALI

ISLAMABAD: The Senate's Special Committee on the China-Pakistan Economic Corridor (CPEC) noted on Monday that projects and development plans for the corridor hadn't been shared fully and mistrust was present between the stakeholders.

The committee's members expressed lack of knowledge regarding the 'Western Route' and demanded to know its current status. They were informed that National Highway Authority (NHA) was working on the alignment of route.

"Nobody is trying to deny the importance of the Western Route," said the Chairman of NHA Shahid Ashraf Tarar, adding that the Hasan Abdal — D.I. Khan alignment had already been decided by the prime minister.

His reply invited another query from Senator Daud Khan Achakzai about "the development activities on the ground, and not just on paper."

"What we hear is the establishment of another committee each time, but tell us about the inauguration schedule so that the work may start," he said, adding that even the villagers, were aware of what was happening on their land. The committee chaired by Senator Taj Haider opposed the inclusion of the Orange Line, a transport network for Lahore, in CPEC.

Senator Usman Saifullah Khan expressed concern over the Western Route and said that it was unfair to bypass the entire province of Khyber Pakhtunkhwa (KP).

Senator Khan added that a motorway existed between Peshawar and Hasan Abdal, while the national highway N-55 already connected Peshawar with D.I. Khan. He suggested that instead of acquiring new land, the government should declare this route as part of CPEC.

The committee was also briefed by economist Dr Kaiser Bengali, who was invited as a special guest. He claimed that he had obtained more information from the Chinese authorities than what the Pakistanis were willing to share.

Dr Bengali said that CPEC would improve the national economy, as it happened after building the Mangla and Tarbela dams, but he added that all projects were not part of CPEC.

He added that the Eastern Route was already too crowded, while the auxiliary routes should feed the main CPEC route.

"The best way to benefit from CPEC is to develop new areas and new cities, which will eventually bring growth and progress to the underdeveloped areas as well," said Dr Bengali.

He added that there were a number of queries regarding CPEC such as the share in the income from Gwadar Port and the expected flow of traffic on the auxiliary routes that would supply goods to the CPEC.

“There are no details available over the feasibility study — if any over the role of railways in CPEC,” he said.

Senator Taj Haider lauded Prime Minister Nawaz Sharif for clarifying some of the queries earlier raised by the senators, observing that there was a need for constant and regular monitoring of the announcements made by the premier.

The committee was told that the allocation of industries along the CPEC routes will be done in consultation with the provinces.

“However, we have asked the authorities to provide details of the plans for the Western Route,” said Senator Haider. “This plan should include industrial development, the actual Western route itself and the timetable for its completion. We will forward all the queries to the authorities for a written reply.”

Senator Kamil Ali Agha said that the prime minister had cleared all the ambiguities over the CPEC projects, but the government departments were not competent enough to provide details to the public or parliamentarians.

<http://www.dawn.com/news/1233917>

POLITICIANS EXPRESS CONCERNS OVER CPEC

Dawn, January 21st, 2016

IKRAM JUNAIDI

ISLAMABAD: The planning commission has not yet removed contradictions regarding the China Pakistan Economic Corridor (CPEC) and the responsibility to do so should be given to a committee which is representative of all federating units, suggested participants of a dialogue on the “Future Impact of CPEC on the Region”.

At the dialogue on Wednesday at the National Press Club, former Balochistan chief minister Dr Abdul Malik Baloch of the National Party said that though his party supports CPEC, it still has many reservations about it.

“Our concerns increased when work was not started on the western route,” he said.

He said Balochistan’s problems had not been addressed, which is why some of the concerns about the new project were present.

He reminded the seminar of a written agreement made by the PPP leadership with that of Balochistan saying the Gwadar Port will be handed over to the Balochistan government. He said the agreement has not been honoured yet.

“The Baloch people fear that because people from other provinces might move to Gwadar to be near the port, Baloch majority will decrease to a minority,” he said.

“I was the chief minister of the province and yet I don’t know what the province’s share of the earnings from the port will be, if any at all, because from the Saindak project, 50pc of the earnings go to the government and the rest to China. The locals involved should also have a share,” he said.

He then talked about the unmet infrastructure demands of the province, saying that because there were no proper roads, a distance of just 1,000 kilometres between Quetta and Turbat took 28 hours to travel.

About the energy demands of the province he said: “Out of \$46 billion, the government said 36 billion will be spent on energy. While the province’s electricity demand is 1500 MW, we are provided only 500 MW because we don’t have the infrastructure to carry more than that.”

Senator Farhatullah Babar of PPP agreed, saying that because of varying statements given by the government, concerns about CPEC are increasing.

“All the information about the project should be issued from a credible forum. Fata should be linked in with the western route and the leadership of Gilgit-Baltistan should also be taken into confidence,” he suggested.

Former senator Afrasiab Khattak of the Awami National Party said the concerns of the smaller provinces are usually termed as conspiracies against the country.

In the beginning, the western route was being considered for CPEC, but this government suddenly announced the eastern route which passes through Punjab, he said.

Senator Dr Jehanzeb Jamaldini said the government should also give information about industrial parks and any other projects that are part of CPEC.

“A skill development programme for the people of Balochistan should also be started and a labour policy should be announced,” he suggested.

Journalist Waheed Hussein said that even the Chinese were worried about the reservations of the Pakistani people regarding CPEC.

“Before declaring these concerns a conspiracy to make another Kalabagh Dam, a debate should be held to address all these issues,” he proposed.

<http://www.dawn.com/news/1234333/politicians-express-concerns-over-cpec>

CPEC’S WESTERN ROUTE TO BE COMPLETED ON PRIORITY, SENATE TOLD

The News, January 21,2016

ISLAMABAD: Minister for Planning, Development and Reforms Ahsan Iqbal on Wednesday assured the Senate that the Western Route of China Pakistan Economic Corridor (CPEC) would be completed on priority and CPEC would attract more foreign investment.

Replying to a question during Question-Hour, the minister said that a hefty amount would be spent on power projects being set up in Khyber Pukhtunkhwa (KP). Dasu, Diamer, Bhasha dams and Tarbela’s fourth Extension project were included in these power projects, he added.

Giving details of the projects under CPEC, he said that five power plants having 1,320MWs each were being set up at Port Qasim, Sahiwal Engro, Thar block II, Rahimyar Khan and SSRL Mine Mouth power plant.

Meanwhile, Minister for Industries and Production Ghulam Murtaza Khan told the House that Heavy Electrical Complex in KP, Heavy Mechanical Complex Taxila, Pakistan Engineering Company, Lahore, Pakistan Machine Tool Factory, Karachi, and Pakistan Steel Mills were working under the purview of the ministry.

<http://www.thenews.com.pk/print/92709-CPECs-Western-Route-to-be-completed-on-priority-Senate-told#sthash.8E4HNwHu.dpuf>

‘CPEC TO HAVE FAR-REACHING IMPLICATIONS FOR MARITIME KARACHI

The News, January 22, 2016

Centre for Maritime Policy Research (NCMPR) of Bahria University on Thursday organised its 3rd National Maritime Seminar on the China-Pakistan Economic Corridor (CPEC) and its maritime implications for Pakistan.

Former Chief of Naval Staff Admiral (Retd) Shahid Karimullah graced the occasion as the chief guest while Vice Admiral (Retd) Khalid Mohammad Mir was the guest of honour, according to a statement issued on Thursday.

Admiral (Retd) Shahid Karimullah while addressing the ceremony said the bilateral strategic planning of Pakistan and China had been done with profound understanding of economic implications, and will benefit both simultaneously. He also commended the efforts of NCMPR to create awareness and assemble a galaxy of experts to deliberate on such an emerging subject.

Earlier in his speech Vice Admiral (Retd) Khalid Mohammad Mir stated that Pakistan was passing through an economic transition and Gwadar was indeed a viable opening for prosperity and development of Pakistan.

He said the employment opportunities generated by this project will definitely strengthen the economic stability in the region, which would uplift the current economic situation of Balochistan.

Talking about Gwadar in the first session, Rear Admiral (Retd) Pervaiz Asghar talked about the increase of Pakistan's share in the global maritime economy. DG IPS Khalid Rehman in his presentation discussed the socio-political and diplomatic implications of the economic corridor.

He said that CPEC though an apparently a bilateral initiative had held several social, political and diplomatic implications, not only for Pakistan and China, but for the whole region.

The maritime security challenges faced by Pakistan were highlighted by Ali Abbas in the second session.

He said the expected economic boom of CPEC was connected with maritime security challenges in traditional military and civil domains, and needed to be considered to make this project a reality.

Rector Bahria University Vice Admiral (Retd) Tanveer Faiz, in his closing remarks, said the Pakistan Navy played a substantial role in the development of CPEC. He informed that more than 400 marines of Pakistan Navy's Third Marine Battalions were providing security round the clock to the Gwadar Port.

<http://www.thenews.com.pk/print/92795-CPEC-to-have-far-reaching-implications-for-maritime-trade>

NEWS COVERAGE PERIOD JANUARY 11TH TO JANUARY 17TH, 2016

PM HIGHLIGHTS CPEC BENEFITS FOR KP, BALOCHISTAN

Dawn, January 12th, 2016

ISLAMABAD: Prime Minister Nawaz Sharif said on Monday that the China-Pakistan Economic Corridor (CPEC) was a window of opportunity that would usher in socioeconomic development, particularly in the less developed provinces of Balochistan and Khyber Pakhtunkhwa.

In a meeting with a group of Chinese investors, he said that the corridor was a game-changer and all provinces would reap benefit from it.

“CPEC is a fusion of multiple development projects aiming at prosperity and well-being of the people of the country and the region at large,” the prime minister said.

The Chinese investors expressed interest in developing hydropower projects in Pakistan.

Appreciating economic policies of the government, they expressed the confidence that investment regime in Pakistan would attract more foreign direct investment.

The prime minister said that hydro-power sector was priority of his government.

He said Pakistan was resolving its energy crisis by investing in different sources of energy, including solar, thermal and hydro.

The government had obtained billions of dollars from international financial institutions for the construction of Dasu dam in KP, he added.

Mr Sharif said that future investment by the China Three Gorges International Corporation in hydel energy sector would enable his government to overcome the energy shortfall.

The meeting was informed that a joint working group was being set up under the CPEC framework. Under it, all provinces are being consulted to seek technically sound and financially viable recommendations for industrial and economic zones to be set up along the corridor.

The meeting was told that priority energy projects under the CPEC included 1,320MW coal-fired plants in Karachi, Sahiwal, Rahimyar Khan and Tharparkar, 300MW plant in Gwadar, 660MW plant in Hub, 1,000MW Quaid-i-Azam Solar Park in Bahawalpur, 100MW Wind Farm in Jhimpir (Sindh) and 50MW wind farms in Bhambore, Jhimpir and Nooriabad.

Mr Minister Sharif said that Gwadar was being developed as an international free port and the government was undertaking several projects. The Eastbay Expressway-II, expansion of multipurpose terminal at the port, infrastructure development for free economic zone and export processing zones, special free zone for the CPEC, water treatment and supply facilities, hospital, technical and vocational institute, New Gwadar International Airport and development of smart city are parts of the uplift projects.

The meeting was informed that the sites for economic zones in KP and Balochistan had been identified by the Board of Investment. The proposed sites are located in Mansehra, Noshehra, Hattar, Ghazi, Dera Ismail Khan, Kohat, Karak and Bannu in KP and Turbat, Khuzdar, Dasht, Bostan, Qila Saifullah and Zhob in Balochistan.

The prime minister will announce the names of selected sites in the two provinces after consultation with the provincial governments concerned and political leadership, the Chinese were told.

They were informed that some existing roads were being upgraded to interconnect different areas. The 650km Gwadar-Surab road is being completed on priority to link Gwadar port with other parts of the country. The upgradation of Quetta-Dera Ismail Khan road is also imperative in view of its importance.

The meeting discussed CPEC-related projects in KP and was told that the province would play a role of trade and logistic passage zone. Multiple projects will be executed in KP under the CPEC network, including rail and road networks like 81km Swat motorway, industrial and economic zones, mineral processing and development zones and projects in oil and gas, telecommunication, agriculture, human resource development and other sectors.

It was informed that the CPEC-Energy Actively Promoted Project included Balochistan's Gadani Power Park Project and 660MW Hubco Coal Power Plant, Salt Range Mine Mouth Power Project, 1,100MW Kohala Hydel Project in Azad Kashmir, 100MW Pakistan Wind Farm in Jhimpir (Sindh), Thar Mine Mouth Oracle in Tharparkar and 1,320MW Muzaffargarh Coal Power Project.

<http://www.dawn.com/news/1232411>

MISSING — NATIONAL CONSENSUS ON THE CPEC

The Express Tribune, January 14th, 2016.

Asad Khan

Amidst all the chaos, conflict and controversies that ravage the media landscape, the China-Pakistan Economic Corridor (CPEC) arguably the most ambitious foreign investment project ever launched by any government anywhere in the world, presents Pakistan with an opportunity for resurrection in every sense of the word — Pakistan's ultimate Popeye moment.

But, wait a second. Does Pakistan have the stomach for the \$46 billion truckload of spinach? What about all the Blutos who are out there to spoil the deal? Before building castles in the air, it's critical to discuss the political, distributional and security aspects of managing the CPEC lottery.

There are optimists who believe in the present leadership of the country, and its vision and capacity to weather all storms. Behind an apparently subdued and unanimated prime minister, they perceive a shrewd and farsighted visionary, who is little distracted by criticisms of nepotism, a Punjab-centred political focus and diplomatic ineptitude. The CPEC is strictly business; and if nothing else, Nawaz Sharif knows how to make a business deal work. Well, let's hope all that is true.

What is apparent is the lack of interest the government has demonstrated in securing the confidence of other parties and potential stakeholders on many national issues like the NAP, the power sector's circular debt, the IMF loan programme, privatisation, the dubious LNG import case and the transparency concerns around the CPEC.

The ad hoc manner in which the original route of the corridor was slanted towards Punjab at the expense of Khyber-Pakhtunkhwa (K-P), and parts of Balochistan caused reasonable discontent within the legislative assemblies of the aggrieved provinces.

The governor of the State Bank of Pakistan had to express his confusion and demand clarification from the government about the details of energy and infrastructure deals. That eventually prompted the finance minister to appear before the media and "update" the public on the mysteries surrounding the mega project.

The minister was, however, visibly upset with the "pseudo intellectuals" misguiding public opinion. Perhaps, it's the very nature of the parochial mindset of the party leadership which views deliberation and consensus-building as tedious formalities of the democratic process. Every minister appears to act like a king in his little kingdom.

The petty squabbles that frequently erupt among ministers are a manifestation of that inflated sense of authority which reeks of a despicable attitude of self-gratification. Under the watchful eyes of a popular army chief, the PML-N finds itself in familiar territory — ruling without genuine authority. It's the price it pays for going solo; something the Sharifs seem to have a hard time learning.

One is hard pressed to recall how many times chief ministers of provinces other than Punjab have accompanied the prime minister on his foreign visits. It is no coincidence that the minister for planning and development also feels more at home briefing the Punjab chief minister than other people of lesser consequence.

The importance of developing a sustained national consensus cannot be over-emphasised given the enormity of the potential impact of the CPEC on the region. This brings us to the distributional question of the CPEC, which lies at the heart of all political speculation.

The projected returns from investments in infrastructure, communications and energy are anything but certain at the moment. Yet, even a casual glance at the project map reflects the fears and frustrations of smaller provinces,

especially K-P's. One may argue it's time to stretch hope and foster national unity. But it takes more than public rhetoric, singing national anthems or painting house-walls and shop-shutters green to restore trust in state institutions.

The apathy of the federal government towards these escalating voices of dissent can potentially explode into a full-scale interprovincial wrangle, jeopardising the whole scheme of things. The Chinese may have boundless money, but their patience for standing nonsense is less well known. Even if the direct benefits of initiating productive activities, industrial parks, economic hubs and dry ports seem to evade some regions of the country on the grounds of security concerns, the federal government can at the very least reassure the provinces concerned that any gains arising from the corridor would be allocated in the best possible manner among all provinces.

This will enable other provinces to pursue independent development strategies, specifically targeting their respective communities while strengthening cooperation with the federal government.

One possible, though highly improbable way of distributing the prospective gains arising from the multi-billion dollar project more evenly, is the adoption of a rigorous progressive taxation system to level the playing field for small local investors besides generating revenues for development expenditure.

At 10 per cent, Pakistan's tax-to-GDP ratio is one of the lowest in the world. Many have brought up the issue of regressive taxation in these pages before; yet a staggering 68 per cent of our total tax revenue is still generated by indirect taxation — the tax we pay on goods and services which are largely imported or produced by fat-cat industrialists.

Unless such exploitative economic structures are completely overhauled, political power will remain monopolised, retarding the growth of accountable institutions and stagnating development.

Security is the most challenging aspect of the CPEC puzzle. It's the ultimate guarantee even the most nominal investor seeks before placing his bets. Reportedly, some 8,000 Pakistani security officials have already been deployed to safeguard a Chinese workforce consisting of more than 8,100 personnel working on 210 projects across Pakistan. The security question has two dimensions: internal and external. The internal dimension relates very much to the successful implementation of the NAP. But as we know, the ramifications of large-scale 'clean-up' operations typically exude political tensions. Much ink has been spilt on the controversy around the Karachi operation. The stand-off cannot be allowed to drag on indefinitely.

The external dimension of security may call for joint cooperation from both sides, i.e., China and Pakistan. While the traditional threat from our eastern neighbour may still loom large for the security establishment, the spread of global terror networks, notably the IS, may pose an even greater challenge. The recent arrests of IS collaborators in Pakistan confirms the group's presence here in some form.

The infiltration and concentration of radical foreign elements must be contained and uprooted. The success of the CPEC is subject to a stable political, economic and security environment. It offers a rare opportunity for national reintegration, of eliminating regional biases and burying old narratives, and this opportunity must not be lost.

<http://tribune.com.pk/story/1026949/missing-national-consensus-on-the-cpec/>

WESTERN PASSAGE OF CPEC TO BE COMPLETED BY 2018: PM

The Express Tribune, January 16th, 2016.

Abdul Manan

ISLAMABAD: Days after the government had failed to assuage the concerns of an all parties' conference (APC) on the multibillion-dollar China-Pakistan Economic Corridor (CPEC), Prime Minister Nawaz Sharif scrapped a proposal for establishing 12 special economic zones in Balochistan and Khyber-Pakhtunkhwa as he set a July 2018 deadline to complete the western passage of the corridor with a high-powered committee to oversee it.

Chairing an all parties' conference in the PM House on Friday – attended by the chief ministers of Balochistan and K-P — the premier heard the concerns of political leaders and the government of K-P over the corridor.

Earlier in the week, the planning and development minister, Ahsan Iqbal, had failed to assuage the concerns of an all parties' conference (APC) on the multibillion-dollar project that they claim will only benefit Punjab.

The APC had called upon the government to give preference to the western route of CPEC in accordance with a commitment he had made at an earlier APC in May, last year.

After deliberations, the PM set a two-and-a-half-year term for completion of the Western route of the CPEC – which he would personally oversee — and formed a high-powered 11-member committee to hold periodic consultations with the provinces on matters pertaining to CPEC. The committee, headed by the PM, will include chief ministers of all the four provinces and Gilgit-Baltistan in addition to federal ministers of planning, water and power, railways, communications and the chairman of the parliamentary committee on CPEC.

Chairman of the parliamentary committee on CPEC, Mushahid Hussain Syed, told the The Express Tribune that he had floated the idea of a high-powered committee which was readily accepted by the prime minister. “There should be institutionalised decision-making through consultations and consensus” he added.

National Party's Hasil Bazinjo demanded that all issues pertaining to Gwadar should be raised in the parliamentary body, which too was accepted by Nawaz. Sources added that one of the major bones of contentions during Friday's consultations were the establishment of the special economic zones along CPEC's route. In this regard politicians from K-P and Balochistan expressed their concerns and demanded that the list of 12 proposed sites which had been issued by the PM House a few days ago should be scrapped.

During a meeting with Chinese investors on Monday, a list of 12 economic zones prepared by the Board of Investment had been unveiled which detailed seven sites in K-P and five in Balochistan.

Nawaz acquiesced to the demands and agreed to scrap the list. “The location of industrial parks will be decided in consultation with the provinces,” the communique added.

Sources said that after Iqbal raised his concerns on this, after which it was amended to include condition that “provision of allied facilities and infrastructure for these industrial parks would be the responsibility of the federal and provincial governments according to their respective roles.”

While the prime minister agreed to prioritise the Western alignment of CPEC with a provision to expand the Rs40b allocation for this alignment as per requirement, he said that in the first phase it would only be limited to a four-lane expressway. However, it could be expanded to a six-lane motorway but responsibility of finalising land acquisition for this would have to be borne by K-P while the centre would provide the funds for it.

A cell will be created in the planning ministry to coordinate and share information with the respective provinces.

<http://tribune.com.pk/story/1028326/economic-corridor-pm-sets-2018-deadline-for-western-passage/>

NEWS COVERAGE PERIOD JANUARY 4TH TO JANUARY 10TH, 2016

LOWEST BIDDER NOT CONSIDERED FOR TWO CPEC HIGHWAY PROJECTS

Dawn, January 4th, 2016

ISLAMABAD: Two of the four highway projects in Balochistan recently inaugurated by Prime Minister Nawaz Sharif as part of the China-Pakistan Economic Corridor (CPEC) have been awarded to the second lowest bidders instead of the lowest ones, causing a loss of over Rs650 million to the exchequer.

Interestingly enough, the prime minister inaugurated the western route projects on Dec 30 even though no formal letter of acceptance (LoA) had been issued (for formal award of contracts) to the successful bidders/construction firms.

According to the National Highway Authority (NHA), four contracts — two for N-50 and two for N-70 — were awarded to two separate joint ventures (JVs) and a single firm. The lowest bidder was not considered in two of the contracts and the second lowest firms have not been asked to match the lowest bids.

But an NHA official claimed that the authority had awarded the contracts in accordance with the criteria set by the Asian Development Bank (ADB), which is funding the projects.

For N-50, two projects called Package-I and II have been awarded. According to the NHA document, under Package-I, a 41km road from Zhob to Killi Khudae Nazar will be reconstructed by Limak-ZKB JV at a cost Rs4.8 billion. Under Package-II, a 40km road will be reconstructed from Killi Khudae Nazar to Mughalkot by Maqbool-Zarghon JV at a cost of Rs4bn.

Similarly, two separate projects have been awarded for N-70. The road under Package-I will be constructed by firm Umar Jan from Qilla Saifullah to Loralai at a cost Rs4.50bn. Under Package-II, construction of the road from Loralai to Waigum Rud has been awarded to Maqbool-Zarghon JV with an estimated cost of Rs3.02bn.

According to the NHA, Maqbool-Zarghon JV submitted the lowest bids for all the four projects, but it was not considered for two projects (Package-I of N-50 and Package-I of N-70). These contracts have been awarded to the second lowest bidders and the second lowest bidders have not been asked to match the lowest bids.

Maqbool-Zarghon JV expressed concern over the bidding process and wrote several letters to the NHA claiming that the contracts had been awarded 'illegally' to the second lowest bidders.

NHA General Manager Mukhtar Durrani, who deals with these contracts, claimed that no discrepancy or irregularity had been committed in the award of the contracts and said whatever the authority had done was in line with the ADB's criteria.

"Although we have not considered the lowest bids in two of the four projects, we followed the ADB guidelines," he said, adding that the NHA was to consider financial capacity of the firms and under the criteria, Maqbool-Zarghon JV, which had already won two contracts, could not execute the remaining two.

A question arises here if the lowest bidder (Maqbol-Zarghon) has no such capacity to carry out the rest of the two projects then why its bids were opened and why it had not been barred from submitting its bids for these projects.

According to the official, the decision to reject the lowest bids for the two projects was taken by the NHA board comprising its Chairman Shahid Ashraf Tarar and senior officials of the Planning Commission and the Finance Division.

Asked why the names of construction firms were mentioned on the inauguration plaque of the projects unveiled by the prime minister, although they were not formally awarded the contracts, the official said: "In fact we have so far not issued letter of acceptance to the firms, but the NHA board has already decided which firms would be awarded the contracts."

The NHA general manager had no answer when asked why the lowest bidder was not considered and why the second lowest bidders were not asked to match the lowest bids. "We just followed the ADB guidelines" was his only answer.

<http://www.dawn.com/news/1230586>

KP CM HOPES RESERVATIONS OVER CPEC WILL END SOON

Mushtaq Paracha, the News, January 4th, 2016

Says Minister Ahsan Iqbal due on Jan 6 to discuss issue

NOWSHERA: Chief Minister Pervez Khattak said on Sunday the federal government had contacted the KP government to remove the latter's reservations over the China-Pakistan Economic Corridor (CPEC) Project.

Speaking at three different public meetings in Nowshera Kalan, Nawan Killay Nowshera Kalan and Khesghi Payan, he said Federal Minister for Planning Commission Ihsan Iqbal would visit Peshawar on January 6 to meet the provincial government representatives and discuss the reservations addressed by it.

The chief minister said the incentives which Punjab and other provinces were getting will have to be given to KP. "We will not settle for mere a road but complete infrastructure along with other requisite facilities," he added.

Pervez Khattak said he had told that Federal Minister Ihsan Iqbal that KP needs not a mere road but all facilities and incentives. "I hope talks will resolve all the issues," he said while addressing a public meeting.

Of the hydel power profits, the chief minister said that it used to be Rs 6 billion and had been increased now to Rs 18.7 billion. He said that federal government was yet to pay Rs 101 billion to the KP in this head, adding talks were going on with the Centre over the additional gas supply.

The chief minister said that KP was in a state of war. He said the regional peace was linked to peace in Pakistan and Afghanistan. Pervez Kahttak said the provincial government was setting a good precedent of good governance and will form the next government here through its performance.

Several political workers from Pakistan Muslim League-Nawaz, Awami National Party and local councilors announced quitting respective parties and joining PTI. KP Minister for Excise and Taxation Mian Jamsheduddin Kakakhel, Nowshera District Nazim Liaqat Khan Khattak and others also spoke on the occasion.

<http://www.thenews.com.pk/print/86259-KP-CM-hopes-reservations-over-CPEC-will-end-soon>

A MIXED BAG OF ACHIEVEMENTS, FORTUNE AND POOR GOVERNANCE

Shahbaz Rana, the Express Tribune, January 4th, 2016.

ISLAMABAD: Year 2015 saw a mixed economic picture, as the government managed to bring stability by exclusively focusing on indicators that could readily add to strengthening the economy, yet failed to deliver in areas critical for placing it on strong footing.

Despite giving stability, it could not lay the foundation for sustainable economic development. The poor performance on investment, savings and exports front remained poor, deepening its dependence on foreign lenders to run economic and financial affairs.

Like the previous year, the federal government remained defensive in 2015 as a result of not fulfilling its commitments on achieving specific targets under the \$6.2 billion International Monetary Fund (IMF) programme. It kept on running the economy by making monthly plans and in the process implemented policies that suffocated growth, increased unemployment and income inequality.

These policies also further deepened the stigma of a 'pro-rich government'; it taxed the daily usable goods while giving subsidies to sugar barons.

Furthermore, to meet its targets, the government resorted to an unprecedented level of taxation, affecting the poor and middle-income groups more than the rich.

On the last day of 2015, the government increased the rate of General Sales Tax (GST) on diesel to 51%, which is used to run agriculture tube-wells and in public transport (highest rate for any good).

Transparency in economic decision-making was visibly lacking. The government did not make public its negotiations with Qatar for the \$16 billion Liquefied Natural Gas deal. Questions were also raised over the manner the government approved road infrastructure projects under the China Pakistan Economic Corridor (CEPC).

Unemployment rate jumped to a 13-year high of 8.3 %. Income inequality increased and the government again refused to release poverty data, which is increasing day by day. Investments and savings – the two fundamentals of strong economy – were ignored. Finance Minister Ishaq Dar rarely mentioned these two areas in his speech. Exports could not pick despite the Generalised System of Preference (GSP) plus scheme

The top most priorities of the government remained building foreign currency reserves, largely by borrowings, and curtailing budget deficit by cutting development spending and parking expenses outside the budget.

As a result, the country's total foreign currency reserves increased to historical level of \$21.1 billion including \$4.9 billion that are in the private hands.

The increase in foreign reserves would allow the government to say adieu to the IMF in this year, providing much-needed space to take decisions ahead of the 2018 general elections.

Even if IMF prematurely suspends the programme and other international lenders stop budgetary support loans, the government will have sufficient foreign currency reserves to meet its international obligations for the next two years. However, Finance Minister Ishaq Dar would like to avail at least one more IMF tranche of \$500 million.

The low crude oil prices in the international market and appreciation of US dollar against other global currencies helped the government build reserves. On these two accounts, the government saved \$3 billion to \$4 billion in the last year.

In 2015, the government also remained successful in saving the IMF programme and took some tough decisions during the course of the year. However, in the last couple of months, its commitment towards structural reforms weakened, which might derail the privatisation process in 2016.

On the fiscal front, the government successfully managed the budgetary books to the satisfaction of the IMF.

Independent economists expressed serious reservations over the manner in which the Finance Ministry handled the books. They levelled allegations of figure-fudging. However, IMF did not pay much heed to these accusations, preferring to look at the government with a tender heart.

Taxation again remained a weak area and the base could not be broadened. The government missed its budgetary tax collection targets but the price of inefficiency was paid by the fellow citizens in shape of increased burden of indirect taxation.

It also gave another amnesty scheme for traders to whiten their black money.

Though the power sector bleeding could not be stopped and the circular debt again piled up to Rs661 billion, including arrears parked in a power holding company, the Ministry of Water and Power did slightly improve bill collection and marginally reduced line losses.

Overall, the \$46-billion China Pakistan Economic Corridor, Vision 2025 that gave long-term plans and US-Pakistan Knowledge Corridor can be described as high points of the PML-N government in 2015.

<http://tribune.com.pk/story/1021295/a-mixed-bag-of-achievements-fortune-and-poor-governance/>

KP GOVT TO HOLD MULTI-PARTY CONFERENCE ON CPEC

Syed Irfan Raza, Dawn, January 5th, 2016

ISLAMABAD: The Khyber Pakhtunkhwa government has decided to convene a multi-party conference (MPC) to chalk out a strategy against what it terms 'non-provision of basic infrastructure' along the proposed western route of the China-Pakistan Economic Corridor (CPEC) project.

'We will soon call a meeting of all stakeholders and opposition parties to decide how to resist the centre's move' against smaller provinces, especially KP, Chief Minister Pervaiz Khattak told a press conference at the KP House on Monday.

He said that all the benefits of the corridor were being transferred to Punjab, while the western route would have nothing like in terms of utility services such as gas, electricity, telecommunication and rail links.

'It is not a western route but merely a road, because it has no such infrastructure that would improve the condition of neglected provinces such as KP, Balochistan and Gilgit-Baltistan,' he added.

Asked whether the KP government would block the CPEC if its demands were not met, the CM said: 'We will go by whatever decision is taken at the MPC.'

He said that neither the KP government nor the PTI was against the eastern route, but rather, demanded that both routes have equal facilities. 'If there will be no infrastructure for the western route, how can economic zones be established there,' he said.

Mr Khattak said that the chief ministers of Sindh, Balochistan and Gilgit-Baltistan had also not been taken on board with regards to the CPEC. 'We believe that there is something fishy that the centre is trying to hide,' he said. The KP chief minister demanded that the federal government should convene the Council of Common Interests (CCI) to discuss the CPEC and address the concerns of neglected provinces and ask(ed) for the nitty-gritty of the CPEC to be discussed in parliament.

Mr Khattak accused the centre of not allocating a single penny for the western route of the CPEC in the federal budget for 2015-16.

When asked whether PTPs MPC would be separate from a similar conference called by Baloch leader Akhtar Mengal on Jan 10, the KP chief minister said PTI would also take part in Mr Mengal's MPC. Speaking at the press conference, PTI leader Shah Mehmood Qureshi said that if economic zones were not established along the western route, no one would invest in KP, Balochistan and Gilgit-Baltistan.

Asked why the PTI had not raised these concerns in a meeting of a parliamentary committee specially formed for the CPEC, Mr Qureshi said PTI leaders Asad Umar and Shiblee Faraz represented the party on the committee and had always raised their concerns before the committee.

GOVT RESPONSE: Federal Minister for Planning and Development Ahsan Iqbal, speaking on the floor of the National Assembly, responded to some of the points raised by the KP chief minister, saying that he would meet Mr Khattak on Wednesday and try to address his concerns.

Instead of pleading its case before the media, the KP government should raise its concerns at the appropriate forum. The minister dispelled the impression that China had given \$48 billion in cash to Pakistan for the CPEC.

Rather, this was the value of projects being initiated or launched under the CPEC.

He claimed that the KP government had been misled by an NGO, which had led to a resolution being passed by the KP assembly

February 2016

NEWS COVERAGE PERIOD FROM FEBRUARY 22nd TO FEBRUARY 28th 2016

PROTECTORS OF THE CPEC

The Express Tribune, February 25, 2016

Muhammad Ali Ehsan

We have seen time and again how the military under the leadership of General Raheel Sharif continues to display a critical success factor — ‘self-confidence’ in almost everything it plans and does. The same was reiterated when General Raheel Sharif visited the Special Security Division that is trusted to guard the China-Pakistan Economic Corridor (CPEC) on February 19.

His statement that “the military is ready to pay any price to turn this ambitious project into reality” shows the self-confidence of a military leader who, despite knowing that the institution he leads is already overstretched, is now ready to build a security apparatus that would guard and defend a 3,000-kilometre-long economic corridor (a network of roads, railways and gas pipelines) that is destined to link three billion people living in Asia, Africa and Europe as soon as it gets completed and Kashgar gets connected with Gwadar.

Providing security for the CPEC is a huge challenge that the military has accepted and is in line with what has already been raised — a division-size force that directly reports to the GHQ. There are six wings of the Civil Armed Forces, units of the Special Services Group, Rangers and police deployment as well, to supplement this security division. But would just a division-size force be enough to ensure the security of the CPEC?

We don’t know at this stage how the military plans on guarding the CPEC. Would it be building a string of security posts at regular intervals? Picketing the roads? Deploying armed guards with moving convoys? Patrolling the large stretches of the laid-out gas pipelines? Carrying out security scans of railway lines to defeat terrorist threats? Or would it deploy military combat groups as a quick reaction force at sensitive areas to deter developing threats? What we know at this stage is that 785 kilometres of the Iran-Pakistan gas pipeline will pass through Balochistan and Sindh to culminate at Multan.

We also know that another \$2 billion and 1,100 kilometre-long gas pipeline being built with Russian collaboration will connect Karachi’s LNG terminals with Lahore.

There are also new railway tracks planned to be laid from Gwadar to Quetta and Jacobabad. Bostan will be connected with Dera Ismail Khan via a 662-kilometre track. A 682-kilometre track will be laid to connect Havelian with Khunjerab.

Knowing how much security the huge road network (the Eastern and Western routes) and accompanying industrial parks, energy projects and economic zones will demand, readers may like to go through the series of three articles written by Rafiullah Kakar in this paper, titled “Making sense of the CPEC controversy”.

What we also know is that Gwadar, a city of 80,000 inhabitants would in time witness a demographic turnaround — not only the Chinese and other foreigners, but many locals and business opportunity seekers will flood the city.

According to an estimate, the population of the city may touch 1.5 million in two years. Will Gwadar eventually be surrounded by a containment fence? How would the Baloch separatists, who already challenge half of the 8 million people living in the province as ‘outsiders’, consider this huge influx of non-natives into Gwadar?

To guard such a huge project, the military will obviously have to deploy more than a division's force given the vast geographical space on which these multiple administrative projects are coming up and which it is committed to defending.

But it's not guarding the physical space of the economic corridor that concerns the military — given the resources, it does not lack the ability and the capability to perform this task. What concerns the military is the political space and the non-military efforts within that space which must complement and aid military efforts.

A reflection of that was evident when General Raheel Sharif, during his visit to SSD Division, said that “there is a need to ensure a peaceful environment to be able to push all planned development projects”.

The need to “ensure a peaceful environment” is a soft reminder by the general to the politicians not to push the military too far and further from its political utility. Protecting the economic corridor is not a big task for the military — it's the politics flanking the corridor that concerns the military, for the true measure of security is not the overextended military deployment and expansion as this mission would entail, but the lack of it resulting from the ability of policymakers to build a peaceful national environment through political consensus and political unity.

Soldiers, by nature, are servants of society and no matter how able a general is, his military strategy only serves a policy in a given environment built by politicians and the policymakers. The more difficult the environment, the lower are the chances for the success of the military strategy.

Protecting the CPEC requires a number of defensive initiatives, primarily to pre-empt and forestall militant attacks. To do this intelligence work will be very important for the achievement of the mission. Apart from the dedicated protection forces in the designated areas, the military must consider a parallel designation of intelligence units.

The military will have to build up human intelligence networks and also deploy reconnaissance as well as armed drones to act not only as its eyes and ears but also as the quickest means of offensive response to a developing threat.

Planning and constructing mutually coordinating drone bases to constantly monitor and guard strategically important areas, is likely to limit and mitigate the threat.

Lastly, given India's official position that the CPEC is ‘unacceptable’ to it, we must expedite guarding and securing our western frontier from where India designs and executes its proxies against Pakistan.

This must accompany political will and efforts to address Baloch alienation and political dialogue with the Taliban and their various extremist factions.

<http://tribune.com.pk/story/1054692/protectors-of-the-cpec/>

NEWS COVERAGE PERIOD FROM FEBRUARY 15th TO FEBRUARY 21st 2016

ECC APPROVES PLAN TO SET UP SPECIAL FUNDS FOR CPEC PROJECTS

Dawn, February 19th, 2016

ISLAMABAD: The Economic Coordination Committee of the cabinet approved on Thursday arrangements for setting up revolving funds backed by sovereign guarantees to ensure uninterrupted payments to Chinese sponsors of energy projects under the \$46 billion China-Pakistan Economic Corridor.

The meeting was presided over by Finance Minister Ishaq Dar.

An official statement confirmed that the committee had approved a proposal of the Ministry of Water and Power about a supplemental agreement for projects in the private sector under the CPEC framework accord.

“Under the arrangement a revolving account (equal to 22 per cent of monthly invoicing) shall be opened and maintained by the power purchaser for which the Ministry of Finance will provide the guarantee to fund such revolving account in case the power purchaser fails to place and or maintain the required fund in such account,” it said.

A senior government official said the facility of supplemental agreement for a revolving fund equal to 22pc of monthly bills was originally provided for coal-based power projects of Chinese companies in April 2015, but had now been extended to all power projects because of uncertainties created by the circular debt and concerns expressed by Chinese investors that power companies in Pakistan may not be in a position to make full payments.

He said the since the ECC had approved the proposal specifically for coal-based power projects under the CPEC signed on Nov 8, 2014, as such the facility of revolving account would be limited to coal-based projects only.

But the projects under the CPEC agreement included other power projects which now required to be implemented on a priority basis and, therefore, the call for providing revolving account for all power projects. The ministries of water and power and finance did not explain the amounts involved to ensure 22pc monthly payments through revolving accounts to be backed by sovereign guarantees.

The revolving account facility and supplemental agreement would now be extended to all the projects enlisted or subsequently included in the CPEC agreement by any amendment through mutual consent of the parties after approval of competent forums.

The ECC also approved the draft supplemental agreement for CPEC projects processed by the PPIB with some changes.

For example, the change in Article 1 of the agreement will now state that if, on the date of, or at any time after the signing of the supplemental agreement, the government grants to any company, any concessions, incentives or more preferable terms and conditions under applicable policy in relation to subjects specified under the CPEC agreement, the government will agree to grant the company such preferable concessions, incentives of terms and conditions.

Likewise, Article 2 will confirm that revolving account (equal to 22pc of monthly invoicing) for the CPEC power projects shall be opened and maintained by the power purchaser for which the Ministry of Finance will provide the guarantee to fund such revolving account in case the purchaser fails to place and or maintain the required funds in such account. Also, Article 7 will read that the term of supplemental agreement shall be commensurate with the term of implementation agreement (IA).

The sources said the draft supplemental agreement submitted by AEDB (Alternative Energy Development Board) linked its validity to the term of IA or till the project continued to be financed by Chinese banks while the term of supplemental agreement already approved by the ECC on April 23 last year was linked with the term of IA only and the approved agreement has also been signed with project sponsors – the Sindh Engro Coal Mining Company and Port Qasim Electric Power Company.

The ECC approved a proposal of the Federal Board of Revenue regarding continuation of reduced rate of 0.3pc withholding tax on non-filers under section 236P of the Income Tax Ordinance, 2001, till Feb 29.

The committee approved reallocation of 60MMCFD Mari shallow gas to its original allottees (Fauji Fertilisers, Fatima Fertilisers and Engro Fertilisers) with effect from Feb 22.

The meeting also approved a proposal submitted by the Ministry of Industries and Production for granting waiver of outstanding amount of Rs51.50m as loan from the federal government to Shahdaskot Textile Mills as the unit has been liquidated and the liquidator has settled the claims of preferential creditors as per availability of funds/sales proceeds. The approval for the liquidation process was granted by the Sindh High Court.

On a proposal moved by the Ministry of Petroleum and Natural Resources for deregulation of CNG prices, the meeting constituted a committee comprising the special assistant to the prime minister on human rights; petroleum, finance and law secretaries; and chairmen of FBR and Ogra to look into its all aspects and give its recommendation to the ECC for a decision.

<http://www.dawn.com/news/1240546>

NEWS COVERAGE PERIOD FROM FEBRUARY 8th TO FEBRUARY 14th 2016

ECONOMIC CORRIDOR: PRIME MINISTER DIVERTS RS 20 BILLION TO ROAD PROJECTS, SENATE BODY TOLD

Business Recorder February 09, 2016

TAHIR AMIN

Prime Minister Nawaz Sharif has diverted Rs 20 billion, saved for other projects, to the road projects under the China-Pakistan Economic Corridor (CPEC) bringing the total allocation to Rs 40 billion for the current financial year 2015-16. The government had earlier earmarked Rs 20 billion in the Public Sector Development Program (PSPD) for different road projects under the CPEC for 2015-16, said Secretary Communication and Chairman National Highway Authority (NHA) Shahid Ashraf Tarar while briefing the Senate Standing Committee on Communication here on Monday.

The committee met with Daud Khan Achakzai in the chair and discussed a progress report on National Highways and Motorway Police (NH&MP) and utilisation of approved schemes in the budget for the financial year 2015-16 from PSDP/foreign funding up to January 31, 2016.

Tarar informed the committee members that the department is facing financial issues and is not utilising its capacity. Finance division releases funds at the end or near to the close of the financial year and ultimately funds lapse and transfer into next financial year. He further said by end January, Rs 26 billion was released under the PSDP against an allocation of Rs 160 billion for 61 projects.

The committee termed it 'corruption' by the government while arguing that the government just shows good allocation but does not release the funds timely. The committee further said that delay in releasing of funds also results in increasing project costs. Secretary Communication said that Section 4 has been put in place by the Khyber Pakhtunkhwa government for land acquisition for the Hasanabadal-D.I. Khan section under the CPEC and work would start in March 2016. Following the directives of Prime Minister, land would be acquired for six-lane motorways while D.I. Khan-Zhob section would be upgraded to the status of Motorways, he added.

National Highways and Motorway Police (NH&MP) is known as corruption-free and role model department in South Asia but its Inspector General (IG) presented a deteriorated situation by saying that officials including him have their offices in rented houses while they were denied a 20 percent increase in salaries announced by the Prime Minister, besides shortage of patrol vehicles on highways and motorways.

IG Mohammad Saleem Bhatti said that 80 percent officers work in rented offices whereas DIGs and SSPs have no offices. Bhatti said the department is compelled to involve in irregularities by constructing offices while saving the money in the name of holding seminars that were not actually taking place. Further 258 vehicles are over mileage, while 155 have deficiencies, said IG, adding that Prime Minister approved 20 percent special allowance for NH&MP employees, however Finance division allowed only 10 percent of the basic pay which was later frozen from 1-7-2015.

The department's responsibility increased by 800 kilometer during the last 6 years but is facing serious human resource constraints to cover it. The demand would increase four times after handing over the CPEC route and therefore needs more sanctions. The committee recommended moving a summary to the Prime Minister for giving more sanctions so that NH&MP requirements may be met. NH&MP officials said that accidents and death ratios increased in 2015 as compared to 2014 on motorways and highways. A total of 1027 accidents were reported in 2015 claiming 650 lives, besides injuries to 1858 others against 394 accidents, 525 deaths and 1054 injuries in 2014.

<http://www.brecorder.com/top-stories/0:/14395:economic-corridor-prime-minister-diverts-rs-20-billion-to-road-projects-senate-body-told/?date=2016-02-09>

NEWS COVERAGE PERIOD FROM FEBRUARY 1ST TO FEBRUARY 7TH 2016

'CHINESE COMPANIES NEED TO EXPLAIN HOW CPEC WILL BENEFIT PAKISTAN'

Dawn, February 2nd, 2016

SALEEM SHAHID

QUETTA: Chinese investors need to spell out how exactly Pakistan will benefit from the China-Pakistan Economic Corridor (CPEC), said political and military leaders at a seminar on Monday. They also stressed that the CPEC should not be politicised or made controversial.

The matter was taken up on the second day of a seminar on peace and prosperity in Balochistan organised by the non-governmental organisation, Devote Balochistan, and the University of Balochistan in cooperation with the provincial government.

Participants claimed that CPEC would be a game-changer for the country and would play an important role in the development of the province and Pakistan.

They said law and order in the province had improved but more efforts should be made to ensure that this improvement was permanent. Peace, they said, would create an investment-friendly environment in the province.

The seminar was attended by the Chief Minister of Balochistan, Nawab Sanaullah Zehri, federal ministers retired Gen Abdul Qadir Baloch and Jam Kamal Khan, Commander Southern Command Lt Gen Aamir Riaz, Pakistan Tehreek-i-Insaf's Shafqat Mehmood and Sardar Yar Muhammad Rind, vice chancellors of the country's leading universities, journalists and writers.

Chief of Army Staff Gen Raheel Sharif, Governor Muhammad Khan Achakzai, Senator Mushahid Hussain Syed and former chief minister Dr Malik Baloch are expected to attend the seminar on Tuesday.

Chief Minister Zehri said the country's future was linked to a developed and prosperous Balochistan.

"Pakistan and Balochistan are essential for each other," he said. "Balochistan is nothing without Pakistan. We started the journey of development together when our forefathers joined Pakistan."

He offered to hold a dialogue with Baloch leaders living abroad. "They should return to Pakistan and join mainstream politics to serve the interest of their people," he said, adding that his government was ready to resolve all issues.

Talking about the CPEC, the chief minister said the people of the country would benefit massively from the project.

"The entire world is engaged in an economic war. China also is boosting its economy. Their leaders are trying to ensure that their country is economically sound and they have succeeded in achieving their goals."

According to Lt Gen Riaz, it is important to forget mistakes of the past for the country's prosperity and development.

He said the Balochistan issue was complicated but “we have to resolve it by sitting together”.

“The issues and problems of Balochistan can be resolved by adopting a positive approach and mutual understanding,” he said.

<http://www.dawn.com/news/1236949>

March 2016

NEWS COVERAGE PERIOD FROM MARCH 28th TO APRIL 3rd 2016

COUNTRY CANNOT BROOK DELAY IN CPEC COMPLETION: PBIF CHIEF

Business Recorder, April 2, 2016

President of Pakistan Businessmen and Intellectuals Forum (PBIF), Mian Zahid Hussain has said that Pakistan cannot afford delay in completion of China-Pakistan Economic Corridor (CPEC). Lack of seriousness, disputes with provinces and red tape reportedly delayed financing agreements of different projects under CPEC which has resulted in hefty cut, he noted.

He said that unending disputes over economic corridor and slow pace of work has disappointed Chinese leadership which has resulted in transfer of only 576 million dollars from China for the project in first eight months against estimated 3.1 billion dollars. He said that signing document of CPEC is not enough as rest of the work should be completed as agreed with the Chinese government.

Mian Zahid Hussain said that situation is not only frustrating China but other foreign investors who are keenly watching all the developments which can hit the project as well as image of Pakistan. Chinese economy is slowing down while Pakistan’s economy has started taking off slowly but the latest political and security incidents have shaken everything. He lauded the Pak Army for raising special force to safeguard project.

<http://www.brecorder.com/business-and-economy/189:pakistan/31816:country-cannot-brook-delay-in-cpec-completion-pbif-chief/?date=2016-04-02>

NEWS COVERAGE PERIOD FROM MARCH 21st TO MARCH 27th 2016

CPEC AND WATER

Dawn, March 21st, 2016

THE warning from the governor of Balochistan regarding the risks that the depleting water resources of his province pose to the China-Pakistan Economic Corridor needs to be taken seriously.

It has been many decades now that Balochistan’s water table has been falling, and some of the numbers reported recently on the gap between water requirements and availability for the provincial capital of Quetta are truly alarming.

One project — Mangi dam — is in its earliest stages of development; it is supposed to help plug less than half of this reported gap, but outside of Quetta city, the problem of falling groundwater tables afflicts all regions to the point where tube wells have become a large cottage industry, numbering as many as 15,000 in the province according to some estimates given by officials from the provincial power distribution company. Tube wells also account for the bulk of unpaid dues of the power utility.

In every way, the depletion of freshwater resources in the province, in the face of a growing population, is a disaster in slow motion in Balochistan, to the point where the influx of migrants to Quetta is now often ascribed to people moving on account of the depleted water reserves in their home district.

Much of the province’s irrigated agriculture relies on tube wells which have seen runaway growth since the late 1980s.

Today, the problem of groundwater pumping and falling water tables has become so acute that the subsidies provided on electricity for tube wells is reportedly larger than the cost of building the dam and its water conveyance system for Quetta.

Almost half the livelihoods in the province are dependent on agriculture according to World Bank estimates, and water depletion in irrigated areas will increase the threat to the sustainability of these livelihoods in the years to come.

The water crisis in Balochistan is widespread, it is real and it is growing. In the midst of this reality, the government sounds a little disconnected when it touts the roads, power plants and industrial estates as the prime benefits that the province of Balochistan will derive from the bouquet of CPEC projects.

Was enhancing water capacity in the province, whether through increasing storage or superior utilisation techniques, even considered a possible benefit to tap for the province when the menu of CPEC projects was decided upon? Going by the governor's warning, the answer appears to be in the negative.

<http://www.dawn.com/news/1246949>

NEWS COVERAGE PERIOD FROM MARCH 14th TO MARCH 20th 2016

ECONOMIC CORRIDOR: CHINA AGREES TO SET UP \$1.5BN S&T COMMERCIAL PARK

Business Recorder, March 15, 2016

TAHIR AMIN

ISLAMABAD: China has agreed to establish Pak-China International Science and Technology & Commercial and Logistic Park in Pakistan with an investment outlay of \$1.5 billion under the China-Pakistan Economic Corridor (CPEC).

“The planned construction area would be in the range of 500 hectares and the project would be completed in 10 years spreading over 3 distinct phases of 3, 4 and 3 years respectively,” said Rana Tanveer Hussain, Minister for Science & Technology here Monday.

During this period, the project envisages employment generation of up to 150,000 persons, said the minister while briefing the Senate Standing Committee on Science and Technology which met with Osman Saifullah Khan in the chair here.

The project has two parts: (i) establishment of Science and Technology City; and (ii) establishment of Commercial and Logistics Park.

Science and Technology City part has following components: science and technology park; science and technology tower/ Pakistan silicon valley and incubator center: Five Star hotels; and commercial apartments/malls etc and the project will be undertaken by the COMSATS Institute of Information Technology (CIIT) and the Xinjiang No.

13 Division has given a “Go Ahead” to finalize the land identified in consultation with all stakeholders and to complete the other formalities.

The Xinjiang No. 13 Division has requested the provision of a digital map of land and city of Islamabad so that the work on plan and feasibility study could be started. In a few days, they will provide the name and details of the component companies in the joint venture from Chinese side, ministry official added.

The Chinese side has also agreed to establish Commercial and Logistic Park which is proposed to be co-owned by National Logistics Cell (NLC) from the Pakistani side.

The collaborative framework also aims at development of a Commodity & Logistics Center. This is to act as; a hub to cross dock over 140,000 FTCL's and reroute merchandise coming to Pakistan via Kashghar towards Gwadar and onwards to the MENA and EU markets.

The Ministry proposed 70 projects worth Rs 3.15 billion under the Public Sector Development Programme (PSDP) for the next financial year (2016-17).

The quarterly system of releases does not suit R&D projects where lump-sum releases are required to purchase of equipment, open LCs, etc.

Declaration of the political-will that Science and Technology capacity building would be a central pillar of national development strategy and the R&D expenditure would be enhanced to one percent of GDP by 2018 and 2 percent by 2023, the Ministry maintained.

For the fiscal year 2015-16, MoST made a total demand of Rs 3.51 billion, to cater to the need of developmental portfolio comprising of 88 projects (24 on-going, 21 newly approved, 43 unapproved).

However, only Rs 1.51 billion were allocated for ongoing portfolio, leaving 21 approved projects in the lurch. This lower allocation not only retarded the implementation of ongoing projects but also left many critical projects without funding.

The projects that were approved in 2007 & planned for 24 months are still under implementation resulting in cost overruns, piling liabilities and litigation. MoST, from time to time has been raising this issue with M/o PD&R without any success.

MoST made an additional demand of Rs 276 million in Mid Year Review. This low preference of the government to R&D sector is in direct conflict with the National Science & Technology Innovation Policy 2012, wherein, it is recommended to enhance R&D expenditure to 1% of GDP till 2015 and 2% by year 2020. Ironically, at present, R&D sector is allocated not more than 0.29% share of GDP.

In view of the foregoing, MoST has now proposed PSDP budget demand for next fiscal year 2016-17 to the tune of Rs. 3150 million. MoST's policy focus for PSDP 2016-17 would be on ensuring that Pakistan acquires world-class expertise within 5-years.

The briefing showed the graph of R&D expenditure as %age of GDP in which Israel is a leading country having 4.21 percent and Pakistan at only 0.29 percent. The Ministry of Science and Technology demanded funds for ongoing projects to complete it in year 2016-17 and also emphasized on approved prioritized projects.

The chairman of the committee recommended that money should be released on time and availability of proper equipments be ensured for development. The committee also recommended that 32 projects must be completed within two years and funds must be circulated and released on time. Minister for Science and Technology was asked to provide and submit the proposals in next meeting with complete information.

The committee approved the National University of Sciences and Technology (Amendment) Bill, 2016.

<http://epaper.brecorder.com/2016/03/15/3-page/741003-news.html>

WATER CRISIS MAY AFFECT CPEC, WARNS BALOCHISTAN GOVERNOR

Dawn, March 17th, 2016

QUETTA: Balochistan Governor Mohammad Khan Achakzai has warned that the declining underground water level in Quetta and the lingering water crisis may affect implementation of the China-Pakistan Economic Corridor project. He called for immediate measures to resolve the issue.

Mr Achakzai was speaking at a seminar on “Water Crisis in Quetta Valley and Balochistan and the Way Forward”, jointly organised by the Public Health Engineering Department of Balochistan and Pakistan Army at the Sardar Bahadur Khan Women University here on Wednesday.

“Due to faulty planning, forests and rainwater could not be preserved in Balochistan, which is posing a threat to the region,” the governor said, adding that the Khushdil Khan Dam, Spin Karez and several other water projects had been carried out, “but we did not pay attention to their further improvement after the British rulers left the region”.

He stressed the need for accelerating the pace of work on construction of dams and other water preservation projects.

He said that drought in Balochistan over the past decades had forced people to migrate from villages to cities and as a result the population of Quetta surged to three million.

The governor said that an increase in the number of tubewells without any planning had also deepened the water crisis.

<http://www.dawn.com/news/1246205>

PAKISTANI BANKS INSUFFICIENTLY CAPITALISED FOR CPEC PROJECTS

The Express Tribune, March 18th, 2016.

KARACHI: Banks must turn to the capital markets to strengthen their balance sheets in view of the upcoming China-Pakistan Economic Corridor (CPEC)-related projects, Bank Alfalah CEO Atif Bajwa said on Thursday.

Addressing a conference at the Institute of Business Administration (IBA), Bajwa said his back-of-the-envelope calculation suggests Pakistani banks are insufficiently capitalised to undertake the local currency financing of the domestic component of the CPEC-related projects.

CPEC is a multi-billion-dollar project that will lay a network of transportation, energy projects and special economic zones along a 2,700-kilometre-long corridor from Gwadar to Kashgar, China. The component of energy, infrastructure and Gwadar-based projects will be \$34.4 billion, \$9.8 billion and \$0.8 billion, respectively.

Bajwa said the local currency financing needs for the CPEC-related projects will be Rs580-780 billion while another Rs550 billion will be required for “CPEC-needed and spill-over projects”.

“Are banks sufficiently capitalised to take that load?” he asked rhetorically, emphasising that banks are not ready to finance that kind of projects through their current balance sheets.

To put the figure of Rs1.3 trillion in context, it should be noted that scheduled banks’ total outstanding credit to the non-government sector amounted to Rs4.6 trillion at the end of 2015. This means banks will be required to increase their outstanding loans by more than a quarter in order to finance the domestic component of the CPEC.

Bajwa suggested banks should increase their capital by seeking help from the capital markets. “Banks can handle the initial burden, but the role of the capital markets will be crucial going forward,” he said.

Speaking on the occasion, State Bank of Pakistan (SBP) former governor Salim Raza said the debt component of the CPEC may pose a challenge to the economy in the long run in case the resulting economic growth is unable to take care of future interest payments.

CPEC Project Director Maj-Gen Zahir Shah said concerns about the environmental degradation as a result of the CPEC are overblown. Pakistan’s current share in global carbon emissions is minimal, he said, adding that technological advancements will ensure that pollution created by coal-based projects remains insignificant.

Addressing the audience, IBA's former dean and director Dr Ishrat Husain asked politicians not to make the CPEC a "political football" by creating unnecessary controversies. "We are the worst enemies of ourselves," he said in an apparent reference to the objections raised by smaller provinces about the geographical design of the CPEC.

<http://tribune.com.pk/story/1067788/in-adequate-pakistani-banks-insufficiently-capitalised-for-cpec-projects/>

NEWS COVERAGE PERIOD FROM MARCH 7th TO MARCH 13th 2016

TAXING CPEC

Dawn, March 11th, 2016

A ROUND of negotiations between China and Pakistan has gone into overtime on the issue of granting tax exemptions to interest income earned by Chinese banks that lend to projects in Pakistan.

Recent reports say the government wants to tap this revenue stream but the Chinese government wants it to be covered by a clause in the Avoidance of Double Taxation Treaty between both countries.

At the moment, interest income earned by foreign banks lending in Pakistan is subject to tax on a case by case basis, depending on whether the home country of the bank in question has a double taxation treaty with Pakistan, and if that treaty covers interest income.

So perhaps the demand from the Chinese government is not entirely unreasonable, but the moment does provide a glimpse into the kind of strings that come attached with the massive investments under CPEC.

In the recent past, the Chinese have also demanded special protections from exposure to the circular debt in the power sector through a revolving facility funded by the government.

In fact, the agreements, wherever some of their details are known, are riddled with such clauses. In other places, the Chinese investors want payments settled in dollars, or want to use Chinese labour to instal their equipment, which must be purchased from Chinese suppliers.

It is this fine print that needs to be disclosed more completely, because this is where the real costs and benefits of the investments lie.

Without knowing these details, it is impossible to say whether the investments will be of any meaningful benefit in the long run, or amount to little more than importing a service.

All through these projects, the role of the government is central. From land acquisition to setting the tariffs to providing safeguards against payment default or insurance for the debt, the costs take many forms and if not negotiated properly can leave the country saddled with payment obligations that will become known only when it is too late.

Granting such protections across the board in these projects could create a special class of investors in the country that is largely isolated from the larger economy and does not share its rhythms and risks. The government is weakening its own hand in these negotiations by keeping these agreements in the dark.

<http://www.dawn.com/news/1244903>

NEWS COVERAGE PERIOD FROM FEBRUARY 29th TO MARCH 6th 2016

TALE OF TWO CPECS

Dawn, March 1st, 2016

DR NIAZ MURTAZA

A game changer that will make Pakistan an Asian Tiger is how the PML-N sells the CPEC. None of the Tigers rose simply by building corridors with economic giants. So, one must view such claims cautiously. Still, this is the biggest economic opportunity to come Pakistan's way in decades.

That this is happening under an elected regime and autocracies could never conjure similar feats underlines democracy's long-term potential. The PML-N deserves kudos for creating this opportunity. But the critical question now is whether it can transform opportunities into reality. One feels compelled to raise some concerns, at the risk of being branded unpatriotic even though the aim is patriotic in flagging possible pitfalls affecting attainment.

Firstly, project details reveal that around \$11 billion (25pc) of the money is for port, road and railway linkages between Pakistan and China. But the vast majority of the money — nearly 75pc — is for power plants which will not directly contribute to the economic corridor unless they feed industries whose outputs travel on the corridor.

However, CPEC plans only contain vague references to establishing industrial parks. Thus, there is not one integrated CPEC but actually two unconnected CPECs presently: the China Pakistan Economic Corridor (25pc) and 'China Pakistan Electricity Cooperation' (75pc). Unless PML-N integrates the two, the chances of Pakistan becoming an Asian Cub, nary a Tiger, will be remote, though the two unconnected CPECs will still benefit it individually.

The 'China Pakistan Electricity Cooperation' contains 24 projects, as shown on the Planning Commission's website, to be built by Chinese companies' FDI with Pakistan obligated to buy their output at unknown rates. Thus, the first challenge will be avoiding the exorbitant rates Pakistan faced earlier with IPPs and weaker states often face with China. Given the serious logistical and technical problems with recent power plant construction in Pakistan, ensuring successful execution will be another major challenge.

There are regional issues too. Of the total \$35bn investment in power projects, nearly \$10bn is for Sindh, \$7bn for Punjab, \$8.5bn for Balochistan, \$2.5bn for Azad Kashmir, \$1.8bn for KP, \$4.5bn for projects involving Punjab and another province and apparently zilch for GB, which ironically provides Pakistan actual access to China on the economic corridor.

Thus, Balochistan is the only backward region with a high share. However, given past history, it will require special efforts to ensure that the employment and electricity generated by projects there benefit its residents equitably.

Finally, environmental issues are also salient as the biggest chunk of the projects involves coal. Even if all these challenges are overcome, Pakistan will only regain the pre-2005 situation of adequate electricity when its economy was growing but without being transformed into a Tiger.

The more strategic element is the actual China Pakistan Economic Corridor which, if handled properly, provides the potential to link Pakistan's economy with China and beyond and result in its structural upgrading. This component covers investment of around \$11bn, including \$10bn loans by China to Pakistan at highly concessional 1.6pc rate for roads and railway work, and around \$1bn grant for Gwadar port, airport and other projects.

Highway network planned for CPEC.—Courtesy: Planning Commission

Even here, nearly \$3.5bn is for the upgrading of the Karachi-Peshawar railway tracks which cannot be immediately considered part of the economic corridor until it gets linked to China, which is only planned by 2030. Thus, only around \$7bn or around 15pc of the \$46bn will actually go immediately towards building the real CPEC!

Even here, besides the Gwadar work, the commission website only mentions the Raikot-Islamabad and Multan-Sukkur motorways but not the western route or even a link from Sukkur to Gwadar. Even if a complete Gwadar-Khunjerab motorway gets built, it will mainly yield transit fees on Chinese traffic like on Nato convoys and income for the hotels, workshops and brothels which invariably emerge on major trucking routes. It is yet unknown how much

transit fees Pakistan will charge and earn annually. Nor is there any study about the likely impact of motorways construction on broader local economies along their routes.

Accruing higher returns from CPEC will require strategic thinking and projects to link Pakistan's industrial output with China's markets as it transits to a consumption-led economy facing labour shortages. The commission has the economic, social and political experts to develop ideas, feasibility plans and technical reports for such strategic projects which also ensure equity and sustainability.

Unfortunately, its website till now reflects little such use of these capacities, containing only a skeletal list of projects and a few maps. Until such strategic thinking emerges, even Nawaz Sharif's less ambitious plans to link Kashgar with Gwadar will remain dreams like Iqbal's desires to link Kashgar with the Nile's banks.

<http://www.dawn.com/news/1242804/tale-of-two-cpecs>

April 2016

NEWS COVERAGE PERIOD FROM APRIL 25th TO MAY 1st 2016

SAUDI ARABIA SEEKS CPEC'S EXTENSION TO THE RED SEA, AFRICA

Business Recorder, April 26, 2016

Saudi Arabian Minister for Economic Planning Engineer Adil Al Faqih on Monday said his country was keen to work with Pakistan and China and desired that the mega project of China Pakistan Economic Corridor (CPEC) should be extended to the Red Sea and Africa. He was talking to Minister for Planning, Development and Reform Ahsan Iqbal in Riyadh, said a message received here from Saudi Arabia.

The two sides discussed economic cooperation between the two countries. Ahsan Iqbal apprised Saudi Minister about Pakistan's recent economic progress on the CPEC and shared Vision 2025 experience. Engineer Faqih said Saudi Arabia was launching its Vision 2030 and expressed the desire to promote cooperation between the ministries of economic planning of two countries.

<http://www.brecorder.com/top-stories/0/40059/>

WORK ON CORRIDOR: PAKISTAN, CHINA EXPRESS SATISFACTION

Business Recorder, April 28, 2016

Adviser to Prime Minister on Foreign Affairs Sartaj Aziz and his Chinese counterpart Wang Yi met in Beijing on Wednesday and expressed satisfaction over the pace of projects being implemented under the China-Pakistan Economic Corridor (CPEC). Sartaj Aziz is visiting China to attend the 5th Foreign Ministers Meeting of the Conference on Interaction and Confidence Building Measures in Asia (CICA), a Foreign Office statement said issued here on Wednesday.

During the meeting, Sartaj Aziz and Wang Yi reviewed the Pakistan-China bilateral relations and exchanged views on regional and international developments. The two sides agreed that CPEC was an economic game changer and would contribute to the objective of evolving a community of shared destiny by bringing benefits to not only Pakistan and China but to the entire region.

There was complete convergence of views between the two sides on regional and international developments. It was agreed that Pakistan and China would continue to work closely with the Afghan government in its efforts to bring peace and stability in Afghanistan. In this context, they recognised the importance of promoting the Quadrilateral Consultative Group (QCG) in facilitating an Afghan-led and Afghan-owned reconciliation process.

The Chinese Foreign Minister conveyed appreciation for the sacrifices of Pakistan in countering terrorism and for its strong resolve in eliminating this menace. Adviser Sartaj Aziz and Foreign Minister Wang Yi also agreed that on the 65th anniversary of bilateral diplomatic relations, the two countries shall enhance their partnership in areas including people-to-people contacts and parliamentary exchanges, think-tanks, academia, media and students.

<http://www.brecorder.com/market-data/stocks-a-bonds/0/41301/>

'CPEC HAS SET FOUNDATION FOR INDUSTRIAL COOPERATION'

The Express Tribune, May 1st, 2016.

ISLAMABAD: The momentum generated by the China-Pakistan Economic Corridor (CPEC) has opened a world of opportunities and is fast putting fundamentals of industrial cooperation between the two countries in place, Federal Minister for Planning, Development and Reform Ahsan Iqbal said.

Speaking at a seminar titled "Industrial Parks in Pakistan" held in Beijing, Iqbal said the CPEC – the flagship project of One Belt One Road – had made tremendous progress so far in terms of infrastructure and energy projects.

"Time is ripe for businesses from both sides to further develop the foundations laid by the two governments and for business-to-business cooperation," Iqbal said.

Chinese investment and technology along with Pakistan's location and low production cost has made a winning combination.

The minister said through various projects, energy shortage would be overcome, which was the first prerequisite for industrial development.

The second requirement is a strong infrastructure and in the next two years, Gwadar port will have improved infrastructure with new roads and a modern airport.

Talking about peace and security, Iqbal said the government had taken solid steps not only to improve security situation in the country but was also working with China to improve the situation in the region.

Discussing the plan of establishing industrial parks in Pakistan, he outlined the available opportunities in various sectors.

Highlighting their potential to create employment, Iqbal asked Chinese businessmen to form joint ventures to develop and maintain a partnership-based relationship. The seminar was attended by representatives of Chinese enterprises and government functionaries from both sides.

<http://tribune.com.pk/story/1094917/cpec-has-set-foundation-for-industrial-cooperation/>

NEWS COVERAGE PERIOD FROM APRIL 18th TO APRIL 24th 2016

CPEC: A GAME CHANGER ACROSS THE CONTINENTS

Business Recorder, April 20, 2016

Besides India it is the UK which is not feeling comfortable with China-Pakistan Economic Corridor-based growing relationships. Background interaction with UK policy makers in Islamabad and elsewhere has revealed that the Britain considers the ongoing cooperation between the two neighboring countries as an act of selling its soul in return for USD 45 billion. What constitutes political consternation in Britain is that at the end of the day Pakistan can realign its political and economic focus on China, instead of the UK and the EU.

In order to address the foregoing ill-conceived comprehension on the part of Britain and other EU states, we need to clarify that the China-Pakistan Economic Corridor (CPEC) project symbolizes the growing mutuality of interest and

the vision of a shared politico-economic future on the part of two neighboring countries that has nothing to do with UK-EU fears.

It creates a new framework of interaction on the basis of economic connectivity and regional cooperation which will have far reaching positive implications for the two countries as well as the adjoining regions, as economic uplift of any region or country has the potential to send peace and development signals across the continents. What Pakistan needs to impress upon its European detractors is that instead of radicalism, we need to export peace and prosperity.

The proposed China-Pakistan Economic Corridor recognises the new realities of global and regional politics by cultivating a more systematic, up-graded and need-based interaction for socio-economic, industrial, energy and trade development. This also provides an opportunity to china and Pakistan to improve their interaction with Central Asia, West Asia, the Middle East and Europe.

Both Pakistan and China are expected to gain from the proposed connectivity through highways, railways, sea lanes, energy pipelines and electricity transmission lines. They will equally contribute to socio-economic development of other countries that become part of these arrangements.

Chinese Premier Li Keqiang's decision to include Pakistan in his first foreign visit in May 2013, after assuming office in March 2013, underscored the importance Chinese leadership attaches to Pak-China relationship. The visit's timing significantly indicated a process of political-economic decision making in china as it took place immediately after elections in Pakistan.

The visit of Prime Minister Nawaz Sharif to China in July, 2013 marked a new phase in the development of the relationship by putting economic cooperation and connectivity squarely at the centre of the bilateral agenda. During the visit, a MoU on China-Pakistan Economic Corridor (CPEC) was signed.

The aim of the MoU is to enable the two governments to cooperate in the planning and development of the economic corridor-based relationship, facilitate and intensify economic activity along the corridor map. The MoU further envisages development of a long-term plan for economic corridor up to 2030.

China and Pakistan are not expected to face any political problem in expanding their mutual connectivity as they have developed strong mutual trust through the multifaceted bilateral interaction over the last six decades.

This experience demonstrates that "there are no contradictions in the strategic and political goals of Pakistan and China, and they have found out over the years that their relationship is mutually rewarding". There is unanimity of views among various political parties in Pakistan "to strengthen Pakistan's ties with China".

Currently, there is a new ball-game of interdependence in international and regional politics and positive connectivity with immediate neighbours. This will require changes in Pakistan's foreign policy strategy that has, in the past, preferred closer economic ties, trade and security interaction with the far-away states in order to cope with the security threats from within the region of its geographic location.

Now Pakistan will be required to cultivate more active relations with the immediate neighbors for sharing energy and pursuing economic development and trade. This will give a major boost to Pakistan's economy. The areas adjacent to the Corridor will experience a major economic uplift.

A series of Meetings of Joint Cooperation Committee (JCC) and Joint Working Group on Transport Infrastructure, Energy and Planning was held, followed by the findings and recommendations of Working Groups Meeting wherein a list of priority projects/Early Harvest Project (EHP) of Pak-China Economic Corridor (CPEC) have been finalised during 3rd JCC meeting which was held on August 27, 2014.

The first progress is on the long term planning: the outline for long term planning of China-Pakistan Economic Corridor has been prepared on the basis of understanding reached in the 2nd JCC meeting on the basic contours of the long-term plan and experience in the context of economic corridor's development.

It identifies the key areas and major projects including spatial structure and functional zones, construction of an integrated transport system, IT connectivity, energy cooperation, industries and parks, agriculture development and poverty alleviation, cooperation in livelihood areas and people to people communications, financial cooperation, etc.

It has been agreed that the outline of the long-term plan would be finalised at the earliest so that the long-term plan should be inked by the end of July, 2015. It has been agreed to add tourism in the long-term plan and the experts of both sides agreed to have further research in this regard. The two sides may discuss relevant trade and investment issues under the CPEC. An MoU and an Outline of Long-Term Plan are expected to be signed during the forthcoming negotiations.

Second, progress is on Transport Infrastructure Projects: the salient features of progress on early harvest projects include CPEC transport planning, road map of future work and port related issues which are the key elements of Transport Infrastructure Projects. It has been agreed that further efforts are still required to increase the pace of work on implementation of Early Harvest Projects (EHPs) in rail and port sectors.

Both countries are stressing the importance of sustainable development of the Gwadar Port and Balochistan region. The primary focus is on associating the local community in the development initiative at Gwadar and building public ownership through social and economic development project.

Historically, Sea waters have always been used as a trade route since long and the modern trade has further enhanced the need of trade through waters. Pakistan being a gateway to the strategically important 'Strait Of Hormuz' in the Indian Ocean, blessed with hidden treasures and bordering two Islamic Republics, Afghanistan and Iran, has always been a centre stage for regional politics.

The emergence of Gwadar Port as a vibrant regional economic hub has provided an opportunity to regional and extra regional powers to develop strategic and infrastructural connectivity with Gwadar port. Geo-political environment is considered as important factor influencing the development of human society. The most critical element of the environment is the sea, which occupies almost three-quarters of the surface of earth.

The location of Gwadar port gives it two advantages; it is a warm water port making it available for operations throughout the year. Secondly, it is to be a deep-sea port, which is a reality on the earth and allows large-scale trade and economic activity. Gwadar can be a trading point for all the countries, making it the maintenance and fuelling hub.

The construction of the Gwadar port has recently been handed over to China which has long term strategic interest in the port. The Chinese economy, which has been growing for the past three decades, is expected to become the world's largest economy in future. China has access to sea through its eastern border, which is connected to two main seas, the South China Sea and East China Sea.

China has territorial disputes with many countries on small islands in both the seas. These conflicts have led to increasing militarization of both the South China Sea and East China Sea. Also the presence of the US forces in the region especially the Straits of Malacca through which more than 80% of trade passes, risks have increased for the Chinese economy. They are planning to use the Gwadar port in case of a military threat or war in the region. The United States will shift more than 70% of its naval fleets into Asia Pacific.

Third, progress is on the Energy Sector: both sides have agreed on the developments relating to energy planning. A meeting of the energy planning expert group was held in the first week of August 2015 where discussions focused on Energy Development Plan, Guiding Principles of Power Planning, Power Grid Development, Short-Term Power Planning Principles, Conditions and a list of priority projects like Gaddani Power Park and other energy resources so

as to reduce energy imports. There was an agreement amongst experts that hydropower, domestic coal, wind power and solar power should be developed and utilised actively.

The list of priority in energy sector projects calculates a total capacity of 10400 MW of power generation in Pakistan at an estimated cost of \$15,506 million. Both the sides have entered into serious deliberations to evaluate return on the projects and risk management. The primary focus is thermal and wind power in order to put them into operation by the year 2017-18. Hydropower projects are envisaged to be operational around 2020.

The forecast of deliverables in energy and communication sectors have been agreed, and are outlined below:

- a. Institutional capacity building in infrastructure and energy sector.
- b. Long term plan of CPEC encompassing all development sectors including rail and road links.
- c. Joint feasibility study of Havelian Dry Port.
- d. Transmission lines to Lahore and Faisalabad.
- e. Salt Range Mine Mouth power project.
- f. KKH Phase-2 (Raikot-Islamabad section).
- g. Karachi-Lahore Motorway (Multan-Sukkur Section).

Pakistan's leadership describes the CPEC as a game changer for Pakistan and the region at a total anticipated cost of USD 45 billion plus. However, the dividends of these projects will fully materialise gradually over a period of 10 to 15 years. It therefore requires a continued determination on the part of China and Pakistan to stay firm on the course.

The political determination to implement various aspects of the projects has to be demonstrated time and again so that bureaucrats and others involved in its different phases do not slack. It is important to make sure that all Memoranda of Understanding and any new policy arrangements that may be agreed in the future by China and Pakistan, are implemented in their true spirit without any delay.

<http://www.brecorder.com/articles-a-letters/187/37576/>

SATELLITE TO BE LAUNCHED FOR MONITORING CPEC PROJECTS

Dawn, April 21st, 2016

ISLAMABAD: Pakistan and China will use space technology to carry out planning and execution of development projects under the China-Pakistan Economic Corridor (CPEC) more scientifically, and in this regard a satellite will be launched in June 2018.

The Pakistan Space and Upper Atmosphere Research Commission (SUPARCO) and the China Great Wall Industry Cooperation (CGWIC) signed an agreement for the development and launch of the 'Pakistan Remote Sensing Satellite (PRSS-1) System'. Minister for Planning, Development and Reform, Ahsan Iqbal and CGWIC President, Yin Limping signed the agreement here on Wednesday.

Speaking on the occasion, Mr Iqbal said that bilateral cooperation between the two countries in space domain would open new vistas of socio-economic and scientific cooperation, giving boost to the historic bilateral cordial relations in other fields.

Space technology is fundamental in socio-economic development, infrastructure upgradation, agriculture production, urban planning in new age, he added.

The minister said that the agreement would also transfer space technology to Pakistan and the PRSS-1 is yet another flagship project between China-Pakistan relations after CPEC. It would go a long way to redefine the bilateral relations, he said.

Mr Iqbal said that the new project would also help Pakistan in national security arena by strengthening border security and surveillance apparatus.

<http://www.dawn.com/news/1253323/satellite-to-be-launched-for-monitoring-cpec-projects>

ECNEC OKAYS RS124BN MOTORWAY ON WESTERN ROUTE OF CPEC

Dawn, April 23rd, 2016

ISLAMABAD: The Executive Committee of the National Economic Council (Ecneec) on Friday approved a coal-conveying system from Pakistan International Bulk Terminal (PIBT) to the railway network at Port Qasim.

The project will cost Rs13.33 billion according to revised estimates submitted by the Ministry of Ports and Shipping.

During the meeting, chaired by Finance Minister Ishaq Dar, Ecneec approved a proposal submitted by the Ministry of Communications for the construction of motorway from Buran/Hakla on M-1 to Dera Ismail Khan, on the western route of China-Pakistan Economic Corridor (CPEC), at a rationalised cost of Rs124.21bn.

The Ministry of Communications informed the meeting that the route for the motorway was as per the joint declaration issued after an all-party conference. Another proposal by the ministry regarding land acquisition, affected properties compensation and relocation of utilities for construction of the Burhan/Hakia to D.I. Khan motorway was also considered at the rationalised cost of Rs11.97bn.

Ecneec approved the two projects, subject to formal confirmation of the route being in accordance with the understanding contained in the joint declaration.

The committee also gave the nod to another proposal of the ports ministry for the construction of bridge across River Indus connecting Larkana and Khairpur districts with approach roads and river training works at a revised cost of Rs13.397bn.

Kaitu Weir irrigation and power project of Kurram Tangi Dam in Spinwam area of North Waziristan was also approved at a rationalised cost of Rs21.059bn.

The executive committee also approved a proposal of the Ministry of Communications for construction of Black Top Road Yakmach-Kharan via Distain Wadh Khurmagai in Balochistan at a firmed-up cost of Rs13.76bn.

<http://www.dawn.com/news/1253796>

RS6.36 TARIFF FOR BHIKKI POWER PROJECT APPROVED

Dawn, April 23rd, 2016

Khaleeq Kiani

ISLAMABAD: The government is all set to notify first interim tariff for re-gasified natural gas (RLNG) based power project in Punjab at Rs6.36 (6.06 cents) per unit.

This is down almost 58 per cent when compared with upfront tariff cleared by the power regulator a year ago for RLNG-based projects.

National Electric Power Regulatory Authority (Nepra) had approved on Feb 22 an interim tariff for RLNG-based 1,156MW Bhikki Power Project.

A spokesman for the Ministry of Water and Power Zafaryab Khan confirmed that the competent authority had approved the tariff notification for RLNG-based Bhikki Power Project. "It's the lowest tariff so far and is all set to be notified," he said explaining that tariff notification had been sent to the law ministry for vetting.

In its determination, Nepra noted that since the exact timing of payment of EPC (engineering, procurement and construction) contractor is not known at this point of time, therefore, an adjustment for relevant foreign currency fluctuation for \$424.02 million of the EPC portion of payment in foreign currency shall be made against the reference exchange rate of Rs105 per dollar on the basis of actual payment.

Nepra had sanctioned 30-year levellised tariff on RLNG at Rs6.36 per unit. It also approved the high speed diesel (HSD) as alternative fuel for the same plant and set its tariff at Rs10.45 per unit (9.95 cents).

The project is being implemented by the Punjab government under its Quaid-i-Azam Thermal Power Company and targeted the plant to go into commercial operations by December 2017. Final tariff will be approved on completion of the project on the basis of actual costs and other factors prevailing at the time, Nepra said.

A power ministry official said the plant availability had been taken at 92pc and will be completed in 27 months and remain functional for 30 years under this tariff.

Nepra had conducted a public hearing for the project tariff on Feb 9 which was strongly opposed by the Sindh government saying RLNG based projects could not be taken in hand without approval of the Council of Common Interest (CCI) because it involved provincial matters under the constitutions.

About two months ago, the regulator had withdrawn upfront tariff for three RLNG-fired power plants (all to be based in Punjab) saying the benchmarks provided by the Private Power and Infrastructure Board (PPIB) for upfront tariff about a year ago had drastically changed.

This had come following Prime Minister Nawaz Sharif's open criticism of Nepra at the foundation stone-laying ceremony of the Bhikki project for approving higher upfront tariffs. He had said the government was able to secure huge financial savings by holding competitive bidding.

The authority on a petition filed by the PPIB determined upfront tariff for RLNG-based new power projects and announced a tariff for 1,200MW RLNG-based project at Rs15 per unit on April 3, 2015.

However, the ministry did not notify this upfront tariff and instead challenged it before Nepra. Quaid-i-Azam Thermal Power (Pvt) Ltd (QATPPL), a wholly-owned by the Punjab government, also filed a motion for leave to review against the said tariff and sought increase in financial close period, increase in construction period, change in backup fuel and calculation of RLNG price and increase in O&M cost.

Therefore, Nepra approved fuel cost component, operation and maintenance costs, return on equity and debt servicing but did not disclose the project cost or final EPC cost. The government told the regulator that since the projects were being set up under Nepra's upfront tariff, therefore, EPC and other projects costs were not relevant under Nepra's upfront tariff regime. "In case we opt for the cost route it would convert the tariff regime from an upfront tariff to a feed-in (cost-plus) tariff regime."

Sources said the EPC contract of the project has been awarded to M/s Harbin Electrical International Company of China at a total cost of \$539.26 million including both offshore and onshore EPC costs. Official sources said the EPC contractor shall install the most efficient H-series gas turbines at the plant manufactured and guaranteed by the General Electric of USA. The SNGPL shall be the supplier of 200mmcf/d of gas RLNG to the Bhikki Project.

The electricity produced from the project shall be sold under a power purchase agreement to CPPA and all obligations of the CPPA shall also be covered by a sovereign guarantee.

<http://www.dawn.com/news/1253798>

PRIME MINISTER TELLS CM ZEHRI BALOCHISTAN TO REAP 'HIGHEST BENEFITS' FROM CPEC

Business Recorder, April 23, 2016

Chief Minister of Balochistan, Sardar Sanaullah Khan Zehri on Friday called on Prime Minister Muhammad Nawaz Sharif at PM House. The Chief Minister apprised the Prime Minister on the status of various development projects and welfare schemes presently undertaken across the province. In the wake of revival of peace and stability in the province, the focus has been converged to bring the province at par with rest of the country, the CM said.

Meanwhile, Prime Minister Nawaz Sharif said that Balochistan would reap the highest benefits from the China Pakistan Economic Corridor (CPEC) project. The Chief Minister thanked the Prime Minister for initiating massive infrastructure development projects across the province including the announcement of development and uplift package for Quetta city.

Sardar Sanaullah Khan Zehri lauded the leadership of the Prime Minister for prioritising development schemes in Balochistan which would certainly address the decades old deprivations of the people of the province. Overall law and order situation has immensely improved in the province for which the government and people of Balochistan are grateful to the Federal Government, added the Chief Minister.

Prime Minister said Balochistan is close to my heart and I am personally monitoring pace of the ongoing projects and schemes in the Province. Socio-economic uplift of the people of Balochistan is the top priority of our government, he said. The Prime Minister said that the present government is proactively pursuing the agenda of progress and development across the country. Gwadar will soon be a modern industrial port city, which will change the lives of the people of Balochistan and the region. We are determined to empower and enable the people of Balochistan to fully realise their true potentials in all spheres of life, emphasised the Prime Minister.

<http://www.brecorder.com/business-and-economy/189:pakistan/39182:prime-minister-tells-cm-zehri-balochistan-to-reap-highest-benefits-from-cpec/?date=2016-04-23>

NEWS COVERAGE PERIOD FROM APRIL 11th TO APRIL 17th 2016

CPEC: TEETHING PROBLEMS

Dawn, Business & Finance weekly, April 11th, 2016

Khaleeq Kiani

IN APRIL of last year, Pakistan and China signed more than 50 agreements and memoranda of understanding to push forward around \$46bn worth of a development roadmap — China-Pakistan Economic Corridor.

As the two nations complete the first anniversary of the landmark opening later this month ahead of convening 6th round of the Joint Cooperation Committee (JCC) in June, it is time for a bird's eye view of the progress some critical development projects have achieved so far. It is difficult to judge the implementation pace at this stage but it is ironical that executing agencies are still facing different sorts of confusions and difficulties.

Water supply to Gwadar Port is a key challenge. Hence a Rs11.2bn project to develop water treatment, supply and distribution was taken in hand to connect Swad and Shadikaur dams with Gwadar.

As of March 15, the Gwadar Port Authority (GPA) is still not clear on the financial modality of the Swad-Gwadar City Water Supply, nor about its second phase — connecting Shadikaur dam. The GPA is not aware if the project is to be developed through grant, an interest-free loan or a commercial loan from China.

The Rs9.9bn worth of Hospital Upgradation of GDA (renamed China-Pakistan Friendship Hospital) is also yet to take off as Pakistan awaits a feasibility report, the cost estimate of the first phase, supply of equipment for the existing 50 beds, and the nomination of contractor by the Chinese Ministry of Commerce.

The coal-fired power plant at Gwadar is also facing issues of clarity. China had nominated China Communications Construction Company (CCCC) as contractor for a 600MW coal-based project but then agreed on the insistence of Central Power Purchasing Agency (CPPA) and the Private Power and Infrastructure Board (PPIB) for a 300MW plant on public-private partnership mode at a cost of Rs55bn.

Major issues facing this power project include reluctance of the National Transmission and Dispatch Company for connectivity with national grid, letter of intent by PPIB, confusion over who would be the power purchaser and if coal or gas should be the fuel of choice.

Gwadar Smart Port City Master Plan worth Rs410m Chinese grant also has not moved as MOFCOM has not yet nominated consultants and the bidding process could not be initiated so far.

According to an update submitted to the Planning Commission — the focal institution in Pakistan for CPEC —, the mega coal-based power project of 1320mw at Port Qasim worth \$2.5bn is facing at least five major challenges. Registration of Indenture of Lease by Government of Sindh is still unresolved because of dispute over land ownership with federal government.

Chinese lenders have agreed to extend the deadline of this registration for three months but ultimately all liabilities of the project delays or failures would rest on Pakistan because of haste shown by the PPIB to announce its financial close on December 22, 2015. Transmission line for power evacuation is not in sight and Sindh has also not issued NOC for water supply.

On top of that, issues related to tax exemption for import of plant and machinery and withholding tax exemption on imports are also haunting the project implementation.

Power Purchase and Implementation Agreements for \$2.5bn 1320MW Sahiwal Coal Power Project were signed in July 2015 but financial close has not been achieved so far. Its major challenges include coal transportation from Pakistan International Bulk Terminal (Karachi) to Pakistan Railway's facility at Pakistan Steel while inland coal transportation agreement and issuance of Letter of Intent (LoI) by Sinosure and debt financing from Industrial & Commercial Bank of China is still awaited.

Another important project — Engro Powergen Limited — of 660mw at Thar is yet to achieve financial close and its letter of support has already expired. The PPIB is seeking an assurance from the company for no change in commercial operation date to LOS date while its challenges involve a dispute with the ministry of finance and the FBR over taxation of mining project and security matters.

Salt Range Power Project of 300mw sponsored by China Machinery Engineering Corporation in Punjab is pending over acceptability of determined tariff by the sponsors and availability of coal of the quality and quantity at site. As a consequence, the third extension issue to the project has expired on February 19 this year with no progress since then.

The 1320MW coal-based project of Hub Power Company is also facing issues like Balochistan's demand for allocation of 3pc of profit for social service, issuance of NOC by the ministry of defence for setting up of jetty, complications with jetty tariff and issuance of letter of support.

Likewise, Shanghai Electric Power Project, the sponsors of 1,320MW at Thar Block-1 have been asked by the power regulator to resubmit their application afresh after fulfilling the requirements and with complete documentation. As a consequence, second extension in LOI has been issued for validity up to May 10, 2016.

The \$2bn Sukki Kinari Hydropower Project of 870mw funded by Exim Bank of China and ICBC has been facing major delays of over six months as it missed deadline of Dec 31, 2015 to achieve financial close as KP government faced troubles in land acquisition and Chinese lenders moved slow on financial approvals.

The \$2bn Karot HPP of 720mw is also facing delays due to slow land acquisition by Punjab government on its side while both AJK and Punjab seek increasing water use charges enhanced to Rs0.425 per unit in line with new policy instead of Rs0.15 per unit. Punjab's demand for project takeover after its contract life instead of its transfer to the federal government is another problem.

Kohala Hydropower Project of \$2.4bn in Azad Kashmir is moving smoothly so far and its land acquisition is currently in progress and revised technical study under review of the panel of experts.

The South-North Transmission line and Matiari-Lahore Line faces issues regarding payment of minimum tax on turnover and payment of alternate corporate tax for 10 years and the tariffs are yet to be cleared by the National Electric Power Regulatory Authority.

<http://www.dawn.com/news/1251409>

INDIA OUT TO SABOTAGE CPEC: RAHEEL

Dawn, April 13th, 2016

Saleem Shahid

GWADAR: Chief of Army Staff General Raheel Sharif has said that hostile intelligence agencies, especially the Indian spy agency, Research and Analysis Wing (RAW), are trying to destabilise Pakistan after many countries of the world have appreciated the true potential of the China-Pakistan Economic Corridor (CPEC).

He was addressing a seminar held in connection with the CPEC in the port town of Gwadar on Tuesday.

The COAS said: "Now, zooming out to the global and regional level, we have seen a wide appreciation by many world powers of the true potential of the CPEC project as a catalyst of economic transformation of the entire region."

He added, however, that at the same time, the CPEC had also raised the eyebrows of those competing for influence in the region.

He said that in this context he must highlight that India has openly challenged this development initiative. "We all know that hostile intelligence agencies are averse to this grand project. Here, I would like to make a special reference to Indian intelligence agency, RAW, which is blatantly involved in attempts aimed at destabilising Pakistan," General Sharif said. He stressed, however, that they would not allow anyone to create impediments and disorder in any part of the country. He added that it was important for everyone to leave behind confrontations and focus on cooperation.

He said that since the onset of CPEC, Balochistan has seen unprecedented development of communication infrastructure. "We mobilised army engineers for construction and army and Frontier Corps units for security of the projects," he said.

Referring to Gwadar, he said that with the port city as the pivot, the dividends of CPEC would be reaped not just by Balochistan but shall spread across the entire rim of the Indian Ocean.

<http://www.dawn.com/news/1251784/india-out-to-sabotage-cpec-raheel>

MAKING IT REAL

The Express Tribune, April 13th, 2016.

It has been a year since 50 agreements were signed along with a range of memoranda-of-understanding that laid the on-paper foundations for the China-Pakistan Economic Corridor (CPEC). Taken together, they are the basis for a \$46 billion development project — more a network of projects than a single entity — that has been described as a ‘game changer’ for Pakistan.

Given the complexity and scale of what is being proposed, it is no surprise that it has not all been plain sailing, and teething troubles were to be expected. The teething troubles that have emerged are very much the ones that were to be expected in the Pakistan development environment generally — inefficiency, procrastination, lack of clarity, poor or absent project leadership and governance, and overarching all, the provincial rivalries and jealousies that bedevil any and all projects that have a national focus.

None of this is unexpected but taken together, it is a drag-anchor on the project overall. There are basic defects — the water supply problem for Gwadar has yet to be resolved, and with Gwadar one of the nodal points of the project, this is a major hindrance. Funding for the supply remains uncertain.

If Gwadar is to develop as a city, it needs city-grade infrastructure a part of which is a hospital providing a full range of medical services. That is as yet years away. Cities need power and power generation and transmission are one of the great national deficits, and so too with the CPEC. There is supposed to be a 600MW coal-fired plant at Gwadar but there is no final decision yet as to whether coal or gas should be the fuel of choice — a lamentable situation to say the very least.

The list of items goes on. There have to be concerns about the capacity to plan for and then coordinate something on the scale of the CPEC, the capacity to take it beyond the paper exercise and turn it into a ground-breaking and revenue-generating reality. The Chinese are going to be looking to Pakistan to — literally — deliver the goods and more than trade and regional goodwill rests on the CPEC. The CPEC is a better future for all. Make it so.

<http://tribune.com.pk/story/1083496/making-it-real/>

CPEC: PARADOXICAL APPROACHES

The Express Tribune, April 13th, 2016.

The China-Pakistan Economic Corridor (CPEC) is an inescapable part of the conversation, whenever officials, private businessmen or intelligentsia from both countries meet — regardless where.

In Islamabad, the talk around CPEC is loaded with promises of a “game-changing initiative”. Here, ambiguities still surround many issues such as the preference for the western route. Projects such as the Orange Line or coal-based power plants continue to draw flak and controversy.

Controversy, confusion, convolution of facts and connivance of the mighty ones to reap the maximum dividends (to the exclusion of merits and transparency) probably is one way of describing how the Sharif government is going about the CPEC.

In Beijing, or elsewhere in China, guarded optimism and veiled or even direct questions accompany this conversation which, in fact, is rooted in a very clear strategy flowing from President Xi Jinping’s vision of One Belt One Road (OBOR); this initiative exemplifies China’s effort to produce new opportunities for itself as well as for others because no country can develop in isolation.

Neither can you be well if your neighbour is poor, so they believe. Also, an inclusive development strategy is seen as the engine of the Chinese economy which is being run by local/regional governments.

In contrast, the manner with which the ruling party in Islamabad and Lahore embraced the CPEC, entailed the impression that they aimed to create a haven of peace and prosperity i.e., Punjab (by advancing the longer eastern route).

This clearly ignored the regions that are key to the shortest Kashgar-Gawadar route i.e., Balochistan and Khyber-Pakhtunkhwa. This deliberate deviation also reflected the rulers' selfishness and apathy towards areas that have, in the recent years, been battered by conflict and insecurity.

In Beijing, the entire state machinery representing all regions hunkered down to work out the best strategies for implementing the CPEC as the first of the three components of the OBOR initiative once President Xi spoke his mind. In Islamabad, it seems, the few chosen ones, went into a huddle to ponder as how best to suite the initiative to their needs and those of Punjab.

In Beijing, officials as well as intelligentsia treated the decisions of May 2015 All Parties Conference on CPEC — chaired by the prime minister — as biblical and thus took it as the final word. But little did they realise that those calling the shots in Islamabad were less motivated by commitment, and selfless inclusive decision-making.

In Pakistan, the army responded to the CPEC with the creation of an over-10,000 strong special services' division for the safety of the Chinese associated with CPEC infrastructure projects. But those in Beijing wonder whether the civilian government has any role in these special security arrangements.

Where does the police figure and does the army alone possess the wherewithal to provide security to thousands of Chinese personnel. What about security and intelligence coordination mechanisms between the civilian and army institutions and who will be in-charge?

Fundamental questions remain unanswered while the governments in Islamabad and Lahore cry hoarse about the potential dividends likely to accrue from CPEC.

Officials and academia in China are also intrigued as to whether the Pakistani government is at all serious about mainstreaming Balochistan and Fata. When will the leadership opt for an inclusive, equitable dialogue with the unhappy people in these regions? Has the government allocated enough funds for the public schools to disincentivise private madrasa education?

Are Pakistanis taking a whole-of-government approach to coordinate counterterrorism and counter-radicalisation strategies? Actions under the National Action Plan and Zarb-e-Azb operation are impressive, but where is the long-term strategy to replace hard power with the soft power of the state? Who is leading that effort? These are a few probing questions that resonated at a China-Pakistan security dialogue, hosted by the Chinese Association for Friendship.

In view of the aforementioned questions, the participants agreed that improved communication strategies and transparency were central to successful, friction-free implementation of the CPEC. Led by former police chief, Federal Tax Ombudsman Dr Shoaib Suddle, the Pakistani delegation did attempt to respond to some of the Chinese queries.

They were told that successful execution of projects could, indeed, turn into an excellent example of development and cooperation. Yet, some among the hosts also knew that the real onus for taking the right and timely decisions rests with those in Islamabad. If they don't, say in the next three years, Pakistan would have squandered a golden opportunity.

<http://tribune.com.pk/story/1083491/cpec-paradoxical-approaches/>

POLITICAL INSTABILITY COULD JEOPARDISE CPEC INVESTMENT

The Express Tribune, April 13th, 2016

LAHORE: The China-Pakistan Economic Corridor (CPEC) is the backbone of country's development and all the investment will be withdrawn if there is any political turmoil, Federal Minister for Planning, Development and Reform Ahsan Iqbal said.

Addressing the inaugural ceremony of Cluster Centres, in connection with the Vision 2025, at Punjab University, he said only those countries progressed where there was a semblance of political continuity and cited Turkey and Malaysia to exemplify his point.

He said the government was committed to making Pakistan an Asian Tiger and one of the 10 major economies of the world by equipping the youth with quality education.

Iqbal pointed out that once international media labelled Pakistan as a dangerous destination but now international newspapers called Pakistan as “a new success story” and “an emerging state”.

He said it was time to highlight Pakistan’s success stories and its positive side to the international world instead of levelling allegations against each other and hatching conspiracies.

He said the biggest power of the country was its youth, adding this was the era of knowledge economy and a change was needed in the traditional teaching style, which has become redundant.

He underscored the need for adopting an interactive teaching style that could create critical thinking among students.

Iqbal said if the youth were provided with quality education, they would become the largest driving force for development of the country. He said universities must create skills among the students, produce world-class research, bridge gap between academia and industry, work for community uplift and play a role for eradication of extremism from the society.

He mentioned that annual budget of the Higher Education Commission (HEC) had been Rs48 billion in 2013 but the government increased it to Rs78 billion.

Replying to a question, Iqbal said those fanning pessimism must be rejected and the message of hope should prevail.

He said the 20th century had belonged to political ideologies but the standards of development had changed in the 21st century and now the development of a country depended on three things: economic development, whether the development is inclusive and how competitive is the country’s economy..

<http://tribune.com.pk/story/1083625/political-instability-could-jeopardise-cpec-investment/>

CPEC BODES WELL FOR PROGRESS: ZEHRI

Dawn, April 14th, 2016

Saleem Shahid | Behram Baloch

GWADAR: The provincial government with the support of military and civil leadership will clear apprehensions about the Gwadar deep seaport and the CPEC projects, Chief Minister Nawab Sanaulah Khan Zehri said.

Rights of local population in these mega projects, he added, would be protected through legislation which would ultimately remove their sense of deprivation.

He said this at a seminar held in connection with the China-Pakistan Economic Corridor (CPEC) on Tuesday and jointly organised by the Balochistan government, Southern Command, Turbat University and the Devote Organisation.

“Clouds of terrorism hovering over Balochistan for last several years have now vanished,” he said, adding that progress and prosperity were now knocking the doors and its credit went to Pakistan Army for foiling international conspiracies and purging the country of terrorism.

“We could not have defeated terrorism had Pakistan Army not played their role,” he said.

“Indian spies like Kul Bhoshan Yadev can’t weaken us and we will never leave our people at the mercy of terrorists,” he said. Mr Zehri pledged to establish government’s writ so people could live in peace.

“Our armed forces have defeated terrorists and we are proud of our military, security forces and law enforcement agencies,” he said. In reference to militant organisations, he said, 200 people cannot damage peace of Balochistan.

The CPEC had linked the country’s future to the prosperity of this province. He said the first right on the Gwadar sea port was of local people, second of province’s population and third of the people of country.

The chief minister said that China would also establish a technical and vocational training centre in Gwadar. He also assured of resolving water scarcity issue in few months.

Mr Zehri assured compensation to affected people of the Sod Dam and Shadi Core Dam.

Besides, announcing installation of more desalination plants, he declared scholarships worth Rs150 million for students of Balochistan, of which 25 per cent would go to students of Mekran division.

He assured daily 18 hours of electricity to power houses of Pasni, Oarmara and Jeewani and asked director general of the Gwadar Development Authority to make functional Gwadar Hospital soon.

<http://www.dawn.com/news/1251986/cpec-bodes-well-for-progress-zehri>

ARMY SEEKS ROLE IN CPEC ADMINISTRATION

The Express Tribune, April 16th, 2016.

ISLAMABAD: The military establishment has sought a formal role in the administration and execution of the China-Pakistan Economic Corridor (CPEC) to accelerate work on \$46 billion projects – a proposal which the federal government is reluctant to accept.

The army has shared with the federal government proposal of setting up a CPEC Authority, sources told The Express Tribune. The authority is proposed to be headed by a chairman, who is to be assisted by director generals, responsible for execution of the CPEC projects.

They said the move is aimed at getting a formal role in the execution of all the projects, which will be financed under the \$46 billion package, offered by China. The CPEC is a network of roads and rail links which will link western China to the Arabian Sea through Pakistan’s Gwadar port.

However, independent analysts see it as a move to venture into an area, which is predominantly under the civilian control. Currently, the security of the CPEC is already with the army and it has raised a strong force of about 15,000 personnel to protect the Chinese investment and its citizens.

After doing spadework, which continued for about one and a half year, Pakistan and China signed agreements for implementation of the \$46 billion projects in April last year. However, progress on the projects has remained slow.

The minister for planning, development and reform, Ahsan Iqbal, confirmed to The Express Tribune that he received an informal proposal to set up the CPEC Authority about six months back.

Iqbal, however, said he did not find the proposal feasible. In his views, the authority would add another layer of bureaucracy, which would slow down the pace of work instead of accelerating it. “Setting up an authority will mean involving three-dozen more people in decision-making process,” Iqbal said.

Currently, various ministries are responsible for implementation of the CPEC projects and the Planning Ministry coordinates with all of them. He said the CPEC Authority could undermine the role of Central Development Working Party (CDWP) and Executive Committee of National Economic Council (Ecneec) –the federal bodies responsible for approval of development schemes.

The sources said there was also a proposal for making the CPEC a part of the National Action Plan, the country's counter terror policy adopted in the wake of the December 2014 brutal attack on a school in Peshawar. This proposal was also not accepted at the highest level of the civilian setup.

Currently, the pace of work on the CPEC projects is slow but Iqbal said it was because of China. "Pakistan has done its part of work and is waiting for approvals from the Chinese side," he added.

For example, the contractor could not be moved on Gwadar Eastbay Expressway project at the agreed dates due to change of executing agency by Chinese authorities. Similarly, the work on Multan-Sukkur motorway and Thakhot-Havelian road projects was also delayed.

"The Chinese expect that both civilian and military sides match their pace of work for quick implementation but probably the civilian government is short on expectations", said the Centre for Research and Security Studies' Executive Director Imtiaz Gul

He said if there was a military desire for having a formal role in the CPEC execution, it might well be motivated by Chinese desire for quick implementation. Reportedly, over a dozen projects in infrastructure, energy, water supply and health sectors are facing significant delays.

Early this week, army chief General Raheel Sharif said for sustainability of the CPEC, transparency and good management were extremely important. He was speaking at a seminar on the CPEC held in Gwadar, Balochistan.

The army chief also said socio-economic justice resulting from the balanced development would increase people's stakes in national unity and cohesion. The planning minister said there was full transparency in the CPEC deals. He said the \$34 billion energy projects were largely in the private sector and the National Electric Power Regulatory Authority (Nepra) was determining tariffs through open hearings.

"The contracts of infrastructure projects are being awarded to one of the three companies nominated by China," he said. "Political stability and social solidarity is a must to keep the momentum of economic growth and all institutions must remain alienated."

<http://tribune.com.pk/story/1085784/for-timely-completion-army-seeks-role-in-cpec-administration/>

NEWS COVERAGE PERIOD FROM APRIL 4th TO APRIL 10th 2016

PAKISTAN PROPOSES DEAL WITH XINJIANG TO EXTEND SCOPE OF CPEC

The Express Tribune, April 7th, 2016.

Shahbaz Rana

ISLAMABAD: Pakistan has proposed to sign a five-year cooperation agreement with China's western Xinjiang province to extend the scope of the China-Pakistan Economic Corridor (CPEC) beyond infrastructure and energy projects to commerce and trade.

The CPEC, announced in April last year, is a more than 2,400km long network of roads and rail links that will connect landlocked Xinjiang region with Arabian Sea through Pakistan's deep sea port in Gwadar.

Pakistan expressed its desire for a long-term cooperation plan on Wednesday during a delegation level meeting between Planning Minister Ahsan Iqbal and Zhang Chuxian, Member of the Politbureau of Communist Party of China.

Both sides held extensive deliberations to explore more avenues of cooperation between China and Pakistan especially between the latter and Xingiang province of China, bordering Pakistan, said the Planning Ministry.

“There is a big economic and trade potential for Pakistan in Xingiang,” said Ahsan Iqbal after the meeting. He said cooperation between Pakistan and Xingiang could add a new chapter in the CPEC because of their close proximity.

Iqbal proposed a five-year plan for cooperation and partnership in various sectors between Xingiang and Pakistan. “The economic integration and regional connectivity between Pakistan and Xingiang province is critical to making the CPEC successful,” he emphasised.

The minister said the CPEC would not only reduce the distance for West China to trade with the outer world but would also drastically cut down the cost of their products because of faster and cheaper transportation of goods.

Zhang Chuxian extended support to the proposal of five years plan and announced that working group comprising both Chinese and Pakistani officials would work on it. He said the CPEC is a flagship project, which would benefit both countries enormously. The planning minister accepted the invitation of Chinese side to visit Kashgar region.

Chinese delegation also sought clarification on permanent opening of Karokarum Highway after it came to know that roughly 142-kilometer long road out of its 800km length would submerge in water due to construction of four mega dams on Indus Cascade.

Pakistan plans to build Akhori, Bunji, Diamer Basha and Dasu dams on Indus cascade. These dams will affect 142km part of the KKH. The NHA chairman informed that the government has prepared a plan to keep the route open.

<http://tribune.com.pk/story/1080254/bolstering-cooperation-pakistan-proposes-deal-with-xinjiang/>

May 2016

NEWS COVERAGE PERIOD FROM MAY 23rd TO MAY 29th 2016

CHINA'S ECONOMY TO BE INTEGRATED WITH PAKISTAN'S THROUGH CPEC: AHSAN

Business Recorder, May 24, 2016

ISLAMABAD: Federal Minister Planning, Development and Reform Ahsan Iqbal has said that goal of China-Pakistan Economic Corridor (CPEC) is integration of both countries' economies for industrialization of Pakistan.

China jumped to top foreign investor position in Pakistan after CPEC, whose first phase would be completed in 2018. The next phases of CPEC would run into hundreds of billions of dollars portfolio investment through private sector collaborations in the coming years. Pakistan is also investing in CPEC projects from its own resources along with seeking financing from multilateral financial institutions under CPEC framework.

Ahsan Iqbal expressed these views while speaking at ceremony to mark 65th anniversary celebration of the establishment of diplomatic relations between Pakistan and China at Ministry of Planning, Development & Reform.

Ahsan Iqbal in a well-articulated address to jam-packed auditorium extensively touched upon the various dimensions of China-Pakistan relations and described the holding of the event at Ministry of Planning, Development & Reform a testimony of the fact the bilateral relations entered into geo-economic orbit.

“Nature and geography gave Pakistan historical opportunity in 2013 when the prospects were not promising for Pakistan. China put confidence in Pakistan through CPEC when foreign and local investors were reluctant to invest in Pakistan”, he stated and added that CPEC should not be construed a bilateral agreement but it has broader regional benefits for whole of region.

Ahsan Iqbal said that apart from investment in physical infrastructure, CPEC would integrate the economies of China and Pakistan to develop industrialized Pakistan by turning it into trading and manufacturing hub of the region.

Federal Minister said that future of CPEC depends on business enterprises in both countries. “Business enterprises in both countries will take over as they will realize the real potential of CPEC in the coming years”, Ahsan Iqbal believed. Federal Minister Planning and Development said that CPEC would also create a competitive platform through Chinese’s investment & technology combined with low cost of production and location of Pakistan.

He said that CPEC would benefit every region and group of the country through creation of ocean of prosperity. “PML-N government is committed to develop all provinces of the country and CPEC would help realize this vision of present government”, he said.

Speaking about the progress on CPEC projects, Minister said that Quetta-Gwadar section of western route would be operational by December 2016 that will provide Afghanistan and Central Asian access to Gwadar port city. Ground breaking of DI Khan and Burhan section of western route took place and would be completed by June 2018 as per the commitment made with national leadership.

Ahsan Iqbal pointed out that due to CPEC for the first time neglected treasure of coal Thar will be utilized for power generation and CPEC will trigger economic activities in far flung areas of Balochistan. Minister said that \$35 billion energy component of CPEC would help to overcome energy crisis in Pakistan as well as upgrading the power transmission & distribution system in the country. He said that CPEC also changed the “idiom of friendship” between China and Pakistan. “A friendship once “higher than Himalayas” has gone beyond the stars after China and Pakistan planned to launch a joint satellite mission”, he remarked.

Minister said that Pakistan can learn from China’s success, whose development revolved around four factors-political stability, social solidarity, good economic policies and reforms.

On this occasion, Chinese Ambassador in Pakistan Sun Weidong said that CPEC uplifted bilateral relations to strategic economic partnership and added that economic diplomacy is now playing active role at the state level under the guidelines of leadership of both countries.

<http://epaper.brecorder.com/2016/05/24/9-page/761876-news.html>

G-B POLICE STARTS PATROLLING CPEC ROUTE

The Express Tribune, May 26th, 2016.

Shabbir Mir

GILGIT: The Gilgit-Baltistan police have started patrolling Diamer district to ensure security as work on the China-Pakistan Economic Corridor (CPEC) is under way.

Muhammad Wakeel, a police inspector, told The Express Tribune on Wednesday, at least 10 police vehicles have been set aside for the purpose.

“The SHOs and SDPOs in the valley will monitor the patrolling process under the supervision of SSP Shoab Khurram,” he said.

According to Wakeel, the officers who are patrolling the district have been adequately trained. He added they will be available round-the-clock to help people and respond to any eventualities.

The decision comes two months after China donated 25 vehicles to G-B government as part of CPEC. The fleet of double cabin vehicles was received by G-B IGP Zafar Iqbal Awan on behalf of the regional government in Gilgit in March.

During his visit to Gilgit earlier this month, Prime Minister Nawaz Sharif inaugurated the CPEC patrolling police headquarters.

The patrolling force comprises 300 personnel and 25 vehicles. It will help ensure safe and smooth flow of traffic on the 439-kilometre chunk of the CPEC project in G-B.

<http://tribune.com.pk/story/1110572/g-b-police-starts-patrolling-cpec-route/>

GOVT'S TIGHT POCKETS COULD HAMPER CPEC PROJECTS

The Express Tribune, May 27th, 2016.

Shahbaz Rana

ISLAMABAD: Financial constraints may hamper progress on critical projects of the much-trumpeted China-Pakistan Economic Corridor (CPEC), as the Planning Commission has so far indicated an allocation of only Rs124 billion in the next financial year, an amount just slightly over one-third of total demand.

The Planning Commission's hands seem to be tied, hindering allocation of sufficient funds for CPEC projects, with Finance Ministry's refusal to increase the proposed size of the development budget being the major hindrance, said officials close to the matter.

The officials added that out of the Rs655 billion share of the Planning Commission in the 2016-17 Public Sector Development Programme (PSDP), it has so far indicated an allocation of around Rs124 billion for CPEC schemes. This amount is just 18% of the remaining financial requirements of these projects.

However, the proposed size is subject to change, as the matter will now come in front of the Annual Plan Coordination Committee (APCC), which is headed by the planning minister, and will then be placed in the National Economic Council (NEC). The APCC will meet today (Friday) while the NEC meeting is scheduled for May 30 and is headed by Prime Minister Nawaz Sharif.

The total cost of CPEC infrastructure projects is estimated at Rs820 billion and an amount of Rs693 billion is required during the execution period of these schemes.

Pakistan remains unable to meet its growing financial needs of CPEC projects amid frustration expressed by the Chinese officials over the slow pace of work. The Planning Ministry denies that CPEC projects are facing delays.

During Prime Minister Nawaz Sharif's recent visit to the Planning Commission, Planning Minister Ahsan Iqbal had demanded Rs350 billion for CPEC schemes. The premier had asked the Finance Minister to sit with the Planning Minister and resolve this issue but both sides could not reconcile.

For the new fiscal year, the total national development outlay is proposed at Rs1.675 trillion, which is Rs161 billion higher than the outgoing fiscal year's original national development budget. The federal PSDP is proposed at Rs800 billion – higher by Rs100 billion or 14.3%.

However, out of this Rs800 billion, the share of Planning Ministry-administrated PSDP will be Rs655 billion, as the Finance Ministry has so far rejected the demand to increase this number to over Rs900 billion.

The provincial annual development plan is proposed at Rs875 billion – higher by Rs61 billion or 7.5%.

About 90% or Rs110.4 billion of the so far proposed CPEC allocations are going for infrastructure projects, being administered by National Highway Authority (NHA). NHA's next year's total development budget is Rs195 billion.

There are eight CPEC schemes under NHA having an estimated cost of Rs762 billion and proposed allocation is just 17% of the remaining financial requirements. For Multan-Sukkur section of the Lahore-Karachi Motorway, only Rs22.9 billion are proposed for next fiscal year against the remaining financing requirements of Rs247.7 billion. The total cost of this project is Rs298 billion.

For Lahore-Abdul Hakeem section, Rs34 billion have been proposed for next fiscal year against the outstanding requirements of Rs130.7 billion. The total cost of this project is Rs150.7 billion.

For the construction of recently approved Burhan-Hakla motorway of western route, the Planning Commission has proposed Rs25.1 billion. The total cost of this scheme is Rs124.2 billion and the Ministry has allotted Rs10 billion spending for this fiscal year. For compensation to the people affected by Burhan-Hakla road, the government has proposed Rs2 billion, which will cover the full cost of this scheme.

For the construction of Thakot-Havelian road on eastern route, the government has proposed Rs14 billion against the remaining requirements of Rs116 billion. For land acquisition of this project, the government has proposed Rs1.8 billion.

For construction of Burhan-Havelian Expressway, the government has proposed Rs5.7 billion against the remaining requirements of Rs22 billion.

For Gwadar International Airport, Rs4 billion have been proposed against the remaining requirements of Rs20 billion.

The government has proposed Rs4.7 billion for construction of Eastbay Expressway project of Gwadar against the remaining requirements of Rs14 billion. For other port related projects of Gwadar the proposed allocation is only Rs1.6 billion against the requirement of Rs17.6 billion.

For conducting feasibility studies to link China and Pakistan through rail network, the government has proposed Rs1.9 billion allocation.

<http://webcache.googleusercontent.com/search?q=cache:http://tribune.com.pk/story/1111168/govts-tight-pockets-hamper-cpec-projects/>

RS 800 BILLION PSDP ENVISAGES RS 76 BILLION FOR CPEC PROJECTS

Business Recorder, May 29, 2016

Naveed Butt

The Public Sector Development Programme, 2016-17 of Rs 800 billion envisages Rs 76 billion for China-Pakistan Economic Corridor (CPEC) projects. The projects relating to Western Alignment under CPEC: the documents available with Business Recorder revealed that a total of Rs 42.85 billion has been proposed for next Budget-2016-17.

A total of Rs 25.11 billion has been proposed for Construction of Burhan-Hakla on M-I to D I Khan Motorway, Rs 6.6 billion for Zhob Mughal Kot 81 Km N-50, Rs 1.15 billion for Rehabilitation of D.I Khan Mughal Kot 50 Km Section N-50 (FERP Phase-II), Rs 3 billion for Widening & Improvement of N-85, Hoshab-Nag-Basima-Surab Road (459 Km), Rs 5 billion for Gwadar-Turbat-Hoshab Section (200 Km) of Gwadar-Rattoder Road (892 km) M-8 and Rs 1.96 billion for Land Acquisition, Affected Properties Compensation for Construction of Burhan-Hakla to D.I Khan Motorway for next financial year.

About Northern Alignment under CPEC: a total of Rs 14 billion has been proposed for Thakot to Havelian 120 KM (Construction) (Phase-I), Rs 5.65 billion for Construction of Burhan-Havelian Expressway (E-35) 59.1 Km and Rs 1.86 billion for Thakot to Havelian 120 Km (Land) (Phase-I).

About Gwadar Projects: federal government proposed Rs 9.5 billion for as many as nine projects including Rs 4.7 billion for Construction of Eastbay Expressway, Rs 1.5 billion for New Gwadar International Airport, Rs 1.5 billion for Necessary Facilities for Fresh Water Treatment, Water Supply & Distribution, Rs 458 million for Up-gradation of Existing 50 bed Hospital to 300 Beds, Gwadar, Rs 250 million for Pak-China Technical & Vocational Institute at Gwadar (CPEC) and Rs 250 million for Infrastructure Development for EPZA and GIEDA, Gwadar etc.

About Railways Project: a total of Rs 1.8 billion has been proposed for six development projects for Railways including, Rs 1.17 billion for Doubling /Improvement of Existing Track from Port Qasim to Bin Qasim Station, Rs 300 million Rehabilitation/Up-gradation of ML-I including Acquisition of Land for New Dry Port at Buldhair, District Haripur, Rs 125 million for (i) PC-II for Feasibility Study to Connect Gwadar with Karachi, (ii) Gwadar to Jacobabad via Basima under CPEC and Rs 166 million for Feasibility Studies for Updation of Existing Main Line-II (ML-II) from Havelian to Jacobabad via Bhakkar, Kundian, Daud Khail, Basal, Taxila in connection with CPEC etc for next financial year.

Similarly, a total of Rs 290 million has been proposed for three other projects under CPEC including Rs 230 million for Construction of Cross-Border OFC System between China and Pakistan for International Connectivity of Voice/Data Traffic (SCO), Rs 50 million for Provision of Seamless GSM Coverage along KKH for Proposed Gwadar-Kashghar Economic Corridor in Gilgit Baltistan (SCO) and Rs 10 million for Pak-China Year for Friendly Exchanges Programme (CPEC).

<http://www.brecorder.com/market-data/stocks-a-bonds/0/50687/>

NEWS COVERAGE PERIOD FROM MAY 16TH TO MAY 22 ND 2016

HURDLES IN GWADAR PORT DEVELOPMENT REMOVED: MINISTER

Dawn, May 17th, 2016

Syed Irfan Raza

ISLAMABAD: Minister for Planning and Development Ahsan Iqbal said on Monday that all hurdles in way of development of Gwadar Port had been removed with the cooperation of the Chinese government.

Briefing a parliamentary committee on the China-Pakistan Economic Corridor (CPEC), the minister said all pending issues pertaining to the Gwadar Port had been resolved during his visit to Beijing last month. These include construction of an international airport and an expressway in the town.

It was an in camera briefing held at the Pakistan Institute of Parliamentary Services and no media person was allowed to attend it.

According to an official handout, Mr Iqbal said Gwadar would be given top priority because it was an entry point for the CPEC where the Maritime Silk Road and Silk Road Economic Belt converged. He informed the committee that other projects in Gwadar, including a hospital, a desalination plant and a technical training institute would be built on a fast track basis and rights and livelihood of local fishermen would be protected.

He welcomed the committee's upcoming visit to China from May 20 to 27 and said this would help its members understand the CPEC project and learn about the Chinese pattern of economic development.

He claimed that during a meeting of the committee with the Khyber Pakhtunkhwa chief minister, the speaker and parliamentary leaders of parties of the provincial assembly held at the Planning Commission on May 10, issues

pertaining to the CPEC had been amicably resolved and the KP government as well as political leadership of the province had expressed satisfaction over the progress of CPEC as their reservations had been addressed by the federal government.

The parliamentary committee praised Mr Iqbal for achieving the consensus through consultation as well as MNA Asad Umar, a member of the committee, for facilitating the dialogue between the KP government and the centre.

The committee's chairman Senator Mushahid Hussain Syed said China had given a vote of confidence in the future of Pakistan and its people by investing extensively in different sectors to promote socio-economic development of Pakistan.

He said the CPEC would be vital for uniting the federation and the provinces and bring prosperity and development to the provinces.

The committee was also briefed on relations between Pakistan and China.

According to Mr Syed, the committee members will visit three cities — Beijing, Shanghai and Suzhou — and an industrial park between China and Singapore. The visit coincides with the 65th anniversary of establishment of diplomatic relations between Pakistan and China.

In order to address the opposition's reservations, the committee suggested regular meetings of the CPEC steering committee headed by the prime minister and comprising the chief ministers.

Opposition parties demanded that a six-lane corridor should be built on the CPEC's western route instead of the planned four-lane road and that industrial zones and other infrastructure promised by the government along the route be ensured.

Talking to Dawn, Mushahid Hussain said it had been decided that a big runway would be constructed at Gwadar Port to facilitate big planes. The issue of statutory regulatory orders (SROs) regarding taxes to be levied at the port had been resolved and all taxes defined and framed through a hectic exercise, he added.

He said an old master plan of Gwadar, which was dumped a decade ago, would be revised and it had been decided that the revised master plan would be implemented in letter and spirit.

“Under the plan, the people of Gwadar will be considered as main stakeholder and fishermen of the area will also be accommodated,” he said.

<http://www.dawn.com/news/1258825>

CPEC WON'T BE BENEFICIAL TO SINDH: HUSSAIN HAROON

Dawn, May 17th, 2016

M.B. Kalhoro

LARKANA: Former speaker of the Sindh Assembly and Pakistan's representative to the United Nations, Abdullah Hussain Haroon, has said that the China-Pakistan Economic Corridor would not be beneficial to Sindh, as the federal government is ignoring the province.

Addressing the district bar association here on Monday, he foresaw federal government's intentions of demanding 20 per cent expenses from Sindh after finishing the project. “We are told about a huge investment under the CPEC, but fail to see where this investment is and how much share Sindh has from it,” he said.

Mr Haroon said many things would change if Sindh got nothing. Sindh was passing through a critical phase and “if we do not realise the pulse, we will be converted into a minority”, he added.

He expressed concern over the uncontrolled infiltration and settlement of Afghans in Karachi, Umerkot and others parts of Sindh.

“We should understand the history and feel its steps,” he said and termed disputes over ‘languages’ an incorrect approach which had, according to him, polarised the situation in Sindh.

Other provinces were making progress, he said, adding that it was a welcome sign and “we are happy to see them progressing”.

Mr Haroon accused the Sindh government of playing with the future of haris and abadgars. Instead of selling sugarcane at Rs185 per maund, the growers were compelled to market it at Rs140 and bore billions of rupees losses, he said.

Talking about his good relations with Benazir Bhutto, with whom he had been exchanging views in Karachi and Dubai, he said had she been alive conditions would not have been like what they were today.

He also talked about the issue of Panama Papers leaks and the letter written by the Chief Justice of Pakistan to the government.

<http://www.dawn.com/news/1258818>

MILITARY LEADERSHIP OF CHINA, PAKISTAN DISCUSS CPEC

Business Recorder May 17, 2016

Chief of Army Staff (CoAS) General Raheel Sharif on Monday reached Beijing on two-day official visit to the most trusted friendly country. According to Tweet message by Director General ISPR Lieutenant General Asim Bajwa, the CoAS will meet senior Political and military leadership during his stay.

After reaching the Chinese capital, the CoAS met his Chinese counterpart General Li Zoucheng at his office and had detailed discussions on various matters.

CoAS congratulated Chinese Army Chief on assumption of Command of newly established Army HQ-2. During the meeting, measures to further improve military to military cooperation, exponentially enhanced training exchanges, defence technology and Intelligence sharing and security of China Pakistan Economic Corridor (CPEC) came under discussion. CoAS on his arrival at Chinese Army Headquarters was presented guard of honour by smartly turned out contingent of Chinese Army.

<http://www.brecorder.com/top-stories/0:/46530:military-leadership-of-china-pakistan-discuss-cpec/?date=2016-05-17>

‘CENTRE AGREES TO MEET KP DEMANDS ON CPEC’

Dawn, May 19th, 2016

PESHAWAR: The federal government has agreed to fulfill several demands regarding China-Pakistan Economic Corridor project due to consistent pressure of the provincial government, Khyber Pakhtunkhwa government’s spokesperson Mushtaq Ahmed Ghani claimed on Wednesday.

Speaking at a news conference at the Peshawar Press Club, he said initially the Khyber Pakhtunkhwa province was ignored by the federal government as ‘nothing’ was given to it in the multi-billion dollar project. However, he said, now several development schemes had been incorporated in the project for Khyber Pakhtunkhwa.

“Initially, the federal government had only verbally accepted the provincial government’s demands but now it has accepted some demands in written as minutes of the last meeting on the project have been shared with us,” Mr Ghani said.

The spokesperson came down heavily on Prime Minister Nawaz Sharif for inaugurating old schemes during the public rallies in Khyber Pakhtunkhwa.

Unlike the Punjab government, which is utilising billions of rupees on the metro and orange train projects, the PTI-led provincial government has brought improvement in education, health and other departments, he claimed.

Mr Ghani said the civilised prime ministers world over had always resigned or presented themselves for accountability whenever they were embroiled in a corruption scandal, but Prime Minister Nawaz Sharif, instead of resigning, had been staging public rallies for image building.

<http://www.dawn.com/news/1259326>

CPEC COAL PROJECT

Dawn, May 19th, 2016

THE decision by a Chinese sponsor to withdraw from a coal-based power project in Punjab reminds us of two crucial facts. First, the investments arriving in Pakistan under the CPEC bouquet are entirely commercial; they come on a profit basis and are not exactly the ‘gift horse’ they are sometimes referred to as.

Second, at least in some respects, the government’s much-vaunted push towards coal as the fuel of choice for Pakistan’s power generation could have been conceived in haste. The sponsor in this case is the China Machinery Engineering Corporation, and the project is a 330MW coal-mining and power-generation venture near Pind Dadan Khan in the Salt Range, Punjab.

When CMEC applied for a tariff determination back in January of 2015, the total project outlay was \$589m, translating into per megawatt CAPEX cost almost 15pc higher than that of Thar coal, even though this project is nowhere near as remotely located. CMEC claimed that the coal in the Salt Range had higher ash and sulphur content, the seam was far thinner, and its transport from the various locations where it would be mined added to the cost.

The Planning Commission and Nepra both opposed the higher project cost, and rightly so. CMEC asked for a levelised tariff of 11.67 US cents (brought down from 12.4 due to an error in calculation spotted by Nepra), compared with 8.5 cents for Thar projects in the 330MW range. The difference is wide and if it cannot be bridged it is better to let the sponsor walk.

Locating a coal-mining and power-generation project in the Salt Range, given the peculiarities of the coal and issues with water availability, appears to be a problematic proposition to begin with. In fact, one wonders how much thought went into the decision to include this initiative on the list of ‘actively promoted’ ventures under the CPEC umbrella in November 2014.

This is also a good time to remind ourselves that these Chinese power-sector projects carry lucrative commercial terms for the sponsors with an equity IRR of 20pc built into the tariff structure. Loans are to be taken from Chinese banks, serviced at 4.5pc above six-month LIBOR, with Sinosure fee of 7pc on top, and the funds used to purchase Chinese technology to be installed by Chinese labour. With these terms, the projects deserve careful vetting before they are approved.

<http://www.dawn.com/news/1259166>

CPEC: BALOCH HAVE HIGH HOPES

May 19, 2016

Militant commander Hazar Khan gave up his 15-year insurgency in Balochistan last year, and now he hopes for a job with the very government he stood against, as the province prepares for a great leap forward fuelled by Chinese investment.

“We people came because our life has already passed in the mountains and now our children’s lives should be better,” Khan, who has returned to his old tribal life of farming as he seeks government employment, told AFP. “Now, nobody from my family is in mountains, all have surrendered along with me.” The decision, he said, was sweetened by the government’s offer to pay him 300,000 rupees (\$3,000) under a “General Amnesty Scheme” authorities say has convinced hundreds of insurgents to surrender – though, Khan added, he has yet to see the money.

An ambitious bid by Beijing to gain greater access to the Middle East, Africa and Europe through Pakistan has given new impetus to the push for stability. The \$46 billion China-Pakistan Economic Corridor (CPEC) is set to culminate in the Baloch fishing port of Gwadar. With its dusty moonscape and shining new port, officials have repeatedly suggested the city is another Dubai in the making.

Property prices are soaring there and in provincial capital Quetta as Baloch authorities claim they have restored peace to the majority of the province. Small businesses driven from Quetta by violence over the years are also returning, ready to take advantage of increased security and China’s interest.

A decade ago the security situation was “very bad”, said Nadir Hussain, owner of a printing and publishing house in Quetta, adding that he had considered leaving like his fellow businessmen. With increased stability, however, “people have come back and started small businesses, opened small shops... It is improving, slowly,” he told AFP.

“We have restored peace in 95 per cent of Balochistan,” Akbar Durrani, the provincial home secretary, told AFP. Some 600 insurgents have surrendered since the government began offering the compensation package last year, he said: 1.5 million rupees to commanders, 1 million rupees to their deputies, and 500,000 rupees to foot soldiers.

<http://www.brecorder.com/business-and-economy/189:pakistan/47148:cpec-baloch-have-high-hopes/?date=2016-05-19>

CPEC WILL BRING ABOUT ECONOMIC REVOLUTION, SAYS SHARIF

Dawn, May 20th, 2016

Jamil Nagri

GILGIT: Prime Minister Nawaz Sharif has said that the China-Pakistan Economic Corridor (CPEC) will bring about an economic revolution in Pakistan as several roads, power plants and railway tracks are being built under the project across the country.

He said the people of Gilgit-Baltistan will be the principal beneficiaries of the project which is set to put the country on the path of sustainable development.

Addressing an oath-taking ceremony of newly elected members of the GB council here on Thursday, the prime minister said work on the Diamer-Bhasha dam would start soon to meet the growing energy requirements of the country. He said the federal government had approved Rs105 billion to acquire land for the dam, adding that the GB government had saved Rs10bn in land acquisition.

Mr Sharif said work on the Dasu dam would also begin soon. He said a 27MW hydel project would be constructed at the Attabad lake in Hunza which would help overcome electricity shortage in the region. He claimed that there would be no energy crisis in the country in 2018.

The prime minister directed the authorities concerned to pay compensation to the people affected by the Karakoram Highway expansion project.

He said some people complained that Nawaz Sharif was only constructing roads. “Constructing roads is not a crime as progress cannot be achieved without building highways; those who opposed the motorway projects in the past are now travelling on them.”

The prime minister said his government had established peace in sensitive areas of the country, including GB.

About the Nanga Parbat incident in which 10 foreign climbers were massacred at their base camp in June 2012, he said the accused had been arrested and convicted. They would soon be executed, he added.

The prime minister announced a grant of Rs20 million for the Karakoram International University.

He said economic zones under the CPEC project would be established in the region, Gilgit and Skardu airports would be turned into international airports and food and other products of the region would be supplied to the international market.

Earlier, the prime minister administered the oath of office to six GB Council members who were elected on April 18 this year.

The ceremony was attended by Minister for Kashmir Affairs and Gilgit-Baltistan Barjees Tahir, GB Governor Mir Ghazanfar Ali Khan, Chief Minister Hafiz Hafeezur Rehman, members of the GB Legislative Assembly, Pakistan Muslim League-Nawaz (GB chapter) office-bearers and other officials.

According to Radio Pakistan, Prime Minister Sharif inaugurated headquarters of the Gilgit-Baltistan CPEC patrolling police.

The patrolling force comprising 300 personnel will ensure safe and smooth flow of traffic on the 439km portion of the CPEC in Gilgit. China has gifted 25 vehicles for the force.

The prime minister also performed the groundbreaking of the Pakistan-China optical fibre cable project.

The 820km cable project from Rawalpindi to Khunjerab will be completed by the Special Communication Organisation in two years. The \$44m project is part of the CPEC.

Addressing the groundbreaking ceremony held in Danyor area of Gilgit, the prime minister said the project would not only bring economic benefits to the people of the region, but also help address the issue of extremism by creating jobs for youth. The project would be a milestone in the development of IT and telecom services and would also bring 3G and 4G services to Gilgit-Baltistan, he added.

He said the project would provide an alternative telecommunication route between Pakistan and China and connect all projects under the CPEC. The prime minister directed the authorities concerned to expand the cable project to Gwadar and other areas of the country.

Mr Sharif announced a grant of Rs10m for the construction of a technical training institute in Gilgit.

<http://www.dawn.com/news/1259487>

NEWS COVERAGE PERIOD FROM MAY 9TH TO MAY 15TH 2016

CPEC TO HELP IMPROVE GB'S ECONOMIC PROSPECTS: CM

Business Recorder, May 09, 2016

Gilgit Baltistan Chief Minister, Hafiz Hafeezur Rehman has said China-Pakistan Economic Corridor (CPEC) would have a positive impact on the country as it would transform Gilgit-Baltistan (GB) into an investment haven. He asked the private sector to take interest in investment in the region and assured that they would be provided all the facilities possible.

He was talking to FPCCI President Abdul Rauf Alam here. FPCCI Vice President Johar Ali Raki and others were also present on the occasion.

“We are planning to establish an investment board, boost tourism, generate additional power, and improve law and order situation to trigger economic activities which will reduce poverty and raise standard of living of people”, the chief minister said.

Speaking on the occasion, Abdul Rauf Alam said the Federation of Pakistan Chambers of Commerce and Industry (FPCCI) Gilgit-Baltistan with its around 50,000 megawatt hydropower potential could help the country overcome the energy crisis.

He said thermal energy was costly while hydel power offered the cheapest source of energy for long term and permanent solution to the energy crisis.

The FPCCI President said hydro energy was environment-friendly, low-cost and economically viable and it could save billions of dollars required to import fuel for power generation that resulted in costly agricultural and industrial production.

The potential of run-of-the-river projects in GB, he said, was phenomenal; 7,400 megawatt of energy could be generated at a power plant in Bunji with two additional projects of 2,000 megawatt each upstream from this location.

He said the government as well as the private sector must exploit the enormous power production potential in GB.

Moreover, he said the 72,000 square miles area with around 1.3 million people had the potential for rapid development based on tourism, hospitality, mining, food processing, dry fruits, gems and jewellery and farming.

He noted that the number of tourists could be doubled with little effort while establishing tax-free zones can attract investment whereas new policies should be evolved to facilitate local and foreign investments.

Abdul Rauf said that FPCCI wanted to establish a regional office in Gilgit-Baltistan for which it was looking forward for cooperation by the government.

<http://www.brecorder.com/business-and-economy/189:pakistan/44326:cpec-to-help-improve-gbs-economic-prospects-cm/?date=2016-05-09>

CPEC TO INTRODUCE TECHNOLOGY IN AGRICULTURE

The Express Tribune, May 10th, 2016.

LAHORE: The China-Pakistan Economic Corridor (CPEC) would open new doors of cooperation in the agriculture sector, which would help in transfer of technology pertaining to agro-chemicals, pesticides, seeds and fertilisers, said Punjab Minister for Industry Chaudhry Muhammad Shafiq.

Speaking at the second CAC Pakistan Summit and Exhibition on Monday, the minister expressed the hope that the exhibition would highlight the potential of agriculture sector in Punjab.

He said the Punjab government was working to educate the farming community with research in the agriculture sector.

The two-day event, held at the Expo Centre in Lahore, was aimed at promoting the agriculture sector.

Lahore Chamber of Commerce and Industry (LCCI) President Sheikh Muhammad Arshad said the summit and exhibition was a unique opportunity for Pakistan's agriculturists as it would enable them to learn about Chinese expertise.

CCPIT Sub-Council for Chemical Industry Vice Chairman Ma Chunyan said pesticide trade had an important role in the two-way business, adding China was the largest exporter of pesticide chemicals.

Standing Committee on Agriculture Chairman Jawaid Saleem Qureshi said CAC Pakistan would provide a joint forum to government officials and industry professionals to highlight the benefits of using pesticides, fertilisers, processed seeds, latest yet affordable agro-equipment and machinery.

The exhibition was jointly inaugurated by the industry minister and the LCCI president.

<http://tribune.com.pk/story/1100259/cpec-to-introduce-technology-in-agriculture/>

NEWS COVERAGE PERIOD FROM MAY 2nd TO MAY 8th 2016

NO FUNDS ALLOCATED FOR CPEC WESTERN ROUTE, SAYS SENATE PANEL

The Express Tribune, May 2nd, 2016.

QUETTA: Members of the Senate's panel on the China-Pakistan Economic Corridor's (CPEC) western route expressed exasperation on learning that no funds had so far been set aside for the critical project's western route.

The Standing Committee of Senate for CPEC's western route which met here in Quetta lashed out at the federal government for finding Balochistan's resources and its coast attractive, but doing precious little in terms of accelerating development works.

Accusing the federal government of succumbing to lethargy, members of the Senate's panel agreed that funds had not been allocated for the western route and work on this portion of the project had not even been initiated. They warned that if development work was not started by June this year, funds offered by the Asian Development Bank would lapse.

Members of the committee included Dawood Achakzai, Usman Kakar, Rozi Khan Kakar, Saeedul Hassan Mandokhail, Barrister Saif. The meeting was attended, among others, by Communication Secretary Khalid Rauf Chaudhry and NHA's Member Engineer Muhammad Yousaf Barakzai.

Berating the communication secretary for calling the Senate chairman during the meeting, soliciting information, the Chairman of the Standing Committee Dawood Achakzai criticized the Senate chairman for not attending the important meeting. He said that the communication secretary had no knowledge of the project and he was calling the Senate chairman during the meeting and soliciting information.

He said that the federal ministers and the bureaucracy were content in deceiving themselves, adding that the current status of actual work did not differ from the tenure of the Musharraf regime. He said that funds ostensibly provided for carrying out repair work of roads in Balochistan in the wake of damage by Nato containers were portrayed as being spent on CPEC. He said that it was a clear deviation from decisions taken in the all parties conference by the prime minister and his cabinet members.

<http://tribune.com.pk/story/1095487/stunted-development-no-funds-allocated-for-cpec-western-route-says-senate-panel/>

PAKISTAN NEEDS TO BLOCK INDIA'S MOVE TO BECOME REGIONAL SHERIFF

The Express Tribune, May 2nd, 2016.

Faran Mahmood

ISLAMABAD: The China-Pakistan Economic Corridor (CPEC) project has been mired with cost squabbles in political waters. But amid all this controversy over the CPEC route, New Delhi is rushing to seal deal after inking an MoU with Iran for extending a \$150 million loan to develop its Chabahar port.

India plans to lease two docks for a decade that would give it access to Afghanistan and Central Asian energy markets – bypassing Pakistan. Moreover, in collaboration with Tehran and Moscow, India is looking to create a vast network of enhanced connectivity with the land-locked Central Asia and eventually Europe, through the International North-South Transport Corridor (INSTC).

New Delhi is following a policy of ‘twin track’ by engaging Pakistan’s neighbours but circumventing Pakistan in trade partnerships; and at the same time, maintaining good ties with its civilian leadership. India is playing a similar ‘minus 1’ card in Saarc and now is looking for new regional groupings beyond South Asia.

But will the Chabahar agreement be a ‘real’ game changer and a direct threat to CPEC? Or like Saarc, the triangle would fall prey to Indian’s hegemony?

Yes and maybe. Designated as a free trade zone on the gulf of Oman, Chabahar is a direct competitor to Gwadar. However Indian-Iranian relations have no long-standing history of amity and harmony and as recent as 2014, Iran increased import duty on Indian rice from 10% to 45% while revoking visa-on-arrival for Indian citizens.

Now the deal between Tehran and P-5+1 (US, Russia, China, UK, France and Germany) over its nuclear programme has helped break the ice between the two countries and Modi’s government is now all set to steer the course of regional dynamics.

Iran could use this as an opportunity to grab oil market share from the Saudi-led OPEC, while the Iranian gas would help India diversify its energy mix. Indian companies are also ready to invest more than \$20 billion in Iranian oilfields and petrochemical plants.

The deal will also give Afghanistan an alternate port for fulfilling its maritime needs and shall decrease Islamabad’s influence on its foreign policy. Afghan imports through Karachi port have already declined by more than 40% in Feb 2016 and according to estimates, Afghan-Indian trade volume could increase by a four-fold if modalities of a trilateral agreement materialise.

Previously in 2009, India built the “Route 606” to bypass Pakistan for commercial trade at a cost of \$150 million. The road connects to the Iranian city Zabol whereas construction work on a Chabahar-Milak-Zaranj-Dilaram route from Iran to Afghanistan is already in progress.

There is a need to advance comprehensive trade reforms for sustaining macroeconomic growth and to stop India from becoming a regional sheriff. The post-sanctions era in Iran presents multiple opportunities for Pakistan but pursuing them requires deep understanding of Iran’s complex social, economic and geo-political issues. At present, Pakistan needs to adopt a two-pronged strategy, at a national as well as regional level, to counter Indian threats and emerging geo-political challenges.

At a national level, Pakistan needs to assuage the concerns of smaller provinces whereas political parties need to show maturity and ownership of the CPEC programme. Stakeholders need a full agenda of shared objectives to start with.

At the regional level, the mistrust between India and Pakistan has prevented Saarc to become a model of regional cooperation like the Association of Southeast Asian Nations. Trade under South Asian Free Trade Agreement (SAFTA) is a mere 5% of South Asia’s total trade volume which is not very promising.

Pakistan needs to lobby with small states of Saarc and negotiate e-visa arrangements with states like Sri Lanka and Maldives that are popular tourist destinations. The Beijing-Islamabad axis is not a substitute to regional partnerships and Pakistan needs more cooperative relationships with its neighbours.

Pakistan also needs to sort out its differences with Afghanistan. India has not only shown keen interest in the development of Afghanistan's natural wealth but has actually delivered on numerous infrastructure projects including the Salma dam and the Afghan parliament building. More than 10,000 Afghan students have studied in India on scholarships in the last decade. Public opinion polls confirm overwhelmingly favourable sentiments for New Delhi.

Islamabad should support Afghan government in developing its agricultural, livestock and industrial sectors.

<http://tribune.com.pk/story/1095287/trade-activities-pakistan-needs-to-block-indias-move-to-become-regional-sheriff/>

CHINA IRKED BY DELAY IN GWADAR PROJECT

The Express Tribune, May 3rd, 2016.

Zafar Bhutta

ISLAMABAD: China is reportedly upset over the slow progress made in awarding the \$2-billion commercial contract that includes laying a gas pipeline and setting up a LNG terminal in Gwadar.

A senior government official said that while a Chinese firm had submitted the commercial bid for the contract, it had not been opened yet. Even after several months, no decision has been taken on the contract, much to the dismay of the Chinese side.

The LNG Gwadar pipeline project was planned as an alternative solution to the Iran-Pakistan (IP) gas pipeline project, which has not moved ahead due to sanctions against Tehran. The Gwadar project was also conceived to meet an obligation regarding the IP gas pipeline project.

The official said that the Chinese side had asked Pakistan to apply for the loan, but this process has been delayed as the government wanted to have the PC-1 approved from the Planning Commission.

The slow progress apparently stems from one minister in the government who is reluctant to release funds. Under the proposed structure of the project, the Chinese side is to provide 85% financing under the government-to-government deal to implement the LNG Gwadar terminal and pipeline project. The finance ministry, however, is reluctant to release the remaining amount.

The official said that the neighbour was upset over the lack of progress, adding that a high level delegation comprising members of the Chinese firm and Exim Bank of China visited Pakistan, but could not meet any finance ministry official. "They had to meet junior level officials in the Economic Affairs Division (EAD)," the official added.

The China Pipeline Bureau (CPB) was designated by the Chinese government to implement the project. Officials said that Chinese banks had offered financing at the rate of Libor plus 2.25%. The official said that the finance ministry was to arrange 15% financing through Gas Infrastructure Development Cess (GIDC) levy being collected from gas consumers for gas import projects. But the finance ministry had consumed all these funds, which amounted to Rs183 billion, for projects like the Metro bus.

The PC-1 was taken up by the Central Development Working Party (CDWP), but after questions raised by the Planning Commission the project was not approved.

The official said that the petroleum ministry had moved a summary to the Economic Coordination Committee, requesting to expedite the project and issue directions to the EAD to arrange loans for the project. The ECC approved to give sovereign guarantee after several months had already been wasted.

PAKISTAN, CHINA INK AGREEMENTS WORTH \$4.2B

The Express Tribune, May 4th, 2016.

ISLAMABAD: Pakistan and China have signed financing agreements valued at \$4.2 billion for the construction of two main road projects of the eastern alignment of the China-Pakistan Economic Corridor (CPEC), thereby removing the last obstacle in starting the construction process.

The agreements were signed last week during a visit of Minister for Planning, Development and Reform Ahsan Iqbal to China, according to the ministry officials.

As per the contracts, China would provide a concessionary loan of \$1.3 billion for the 120-kilometre long Thakot-Havelian section of Karakoram Highway-II (KKH-II) and \$2.9 billion for the 392-kilometre Multan-Sukkur section of the Lahore-Karachi motorway.

The loan agreements were signed after clearance was given by the State Council of People's Republic of China. After the signing of the agreements, the contractors have been moved to the construction site, said an official of the National Highway Authority (NHA).

Both projects fall on the eastern alignment of the CPEC and are critical for connecting Beijing with the port city of Gwadar. The Economic Coordination Committee (ECC) of the Cabinet has already approved giving the contracts of the engineering design, procurements and construction to the Chinese firms.

Since China is providing concessionary loans for both projects, the contracts have been awarded on a government-to-government basis, waiving the condition of international competitive bidding.

Out of the \$46 billion CPEC investment package, roughly \$11.5 billion is reserved for the road and railways infrastructure. China has promised to give concessionary loans for four infrastructure projects. Two of these projects will get interest-free loans.

The composite interest rate of the four projects is over 1.6%, while the interest rate of eastern alignment projects is over 2%.

The CPEC is one out of six arteries that China has planned under its 'one-belt one-road' project and, according to the National University of Science and Technology's (NUST) Chinese Studies Centre Director Syed Hasan Javed, this one-belt-one-road project has been at the planning stage for the last 20 years.

He proposed setting up a constitutional authority to monitor progress on CPEC projects – a suggestion that has already been given by the military to the government.

Javed, who is also a former ambassador, said that a clear implementation mechanism of the CPEC projects was missing and urged Islamabad to remove the obstacles on a fast-track basis.

China is also reportedly upset over the slow progress made in awarding the \$2-billion commercial contract that includes laying a gas pipeline and setting up an LNG terminal in Gwadar.

According to a report, a Chinese firm had submitted the commercial bid for the contract; it had not been opened yet.

The China Pipeline Bureau (CPB) was designated by the Chinese government to implement the project.

The issue of Gwadar LNG pipeline and terminal project was also discussed during last-week's visit of the planning minister to Beijing, said the ministry officials. They said the project was facing delays due to financing issues.

Ahsan Iqbal proposed to the Chairman National Development Commission of Reforms (NDRC) China to make this project part of the CPEC framework.

They said that the purpose of making the Gwadar pipeline and terminal project part of CPEC was to address financing issues. After its inclusion in CPEC framework, the Chinese financial institutions would give it 'high priority.'

"China is considering Pakistan's proposal," said the officials.

The issues related to CPEC have been largely addressed and now provinces are on board for its implementation, said the CPEC Planning Commission Cell Project Director Major General retired Zahir Shah.

<http://tribune.com.pk/story/1096762/cpec-eastern-alignment-pakistan-china-ink-agreements-worth-4-2b/>

POST-CPEC COMPLETION: WILL CHINA PAY TAXES?

Business Recorder, May 07, 2016

Naveed Butt

The Railways Ministry on Friday apprised the Senate Special Committee on the China-Pakistan Economic Corridor (CPEC) that its projects would be launched in the financial year 2016-17. The committee met with Senator Taj Haider in the chair at Parliament House where it discussed the western and eastern routes of the CPEC.

Senators Kamil Ali Agha, Ateeq Shaikh, Muhammad Usman, Mir Israrullah Khan, Jehanzeb Jamaldini, Nauman Wazir Khattak, Sirajul Haq, Farhatullah Babar, Osman Saifullah Khan, Balochistan Minister for Education, Secretary Railways Parveen Agha and Secretary Planning, Development and Reform Yousaf Naseem Khokhar attended the meeting.

The members of the Special Committee raised questions with respect to different sections of agreed routes, specifications of these sections compared to specific sections being built on the eastern route and completion of agreed route along with railways routes. The Senators expressed their reservations regarding the CPEC projects, saying the government is hiding details of some projects from the committee as well as public.

Senator Ateeq Shaikh asked the Secretary, Planning and Development to identify the persons or ministries that are dealing with all these projects. He also sought information about loans as well as interest rates. He also questioned whether the Government of China will pay taxes after the completion of the CPEC. In response to this question, Secretary P&D said it is the duty of Water & Power and Finance Ministry to share this information with the committee. The committee directed both ministries to attend next meeting of the Special Committee.

The members of the Senate Committee said that it is the fifth meeting of the committee and the general view is that this historic project is marred by a lack of communication knowledge, while the government is also giving irresponsible feedback. It is now necessary to call a meeting with the Prime Minister to which the NHA, P&D and other relevant ministries are also invited.

Secretary Railway Parveen Agha told the committee members that the project for railways line alongside the agreed western route is included in the transport plan of the CPEC. She explained the projects ML-1, ML-2 and ML-3 through which Gwadar would be connected to Havelian in Khyber Pakhtunkhwa. She said the feasibility studies of some projects are under way and they would be completed in the next financial year.

The Secretary Railways said that in the short term, up-gradation of existing main Line (ML-1) from Karachi to Peshawar, in which 70 percent of railways traffic is located, including the existing line from Taxila to Havelian, and

dry port new Havelian would be taken up. She said that Midterm Line ML-2 is from Kotri to Attock (Dado, Layyia, Bakhar included). She said the new line for long-term (ML-3) is from Gwadar to Sukkur (Jacobabad) and Quetta (Mustung) via Besima and from Quetta (Bostan) to Kotla Jam via Zhob and D.I Khan.

The members of the committee raised questions. They asked whether the Ministry of Planning, Development and Reform formulated a mechanism and an industrial policy in connection with Chinese crude oil imports through the CPEC routes. The Senators also suggested that an oil refinery is needed to be built in Balochistan. In response to this, the Secretary replied that it is a good idea and needs to be taken up with the Ministry.

Senator Farhatullah Babar said the Joint Co-ordination Committee was set up in August 13, 2013. Under the Prime Minister, an All-Party Conference (APC) accepted suggestions of all parties and it was the responsibility of JCC to follow and implement what was proposed in the APC.

Sirajul Haq of JI was of the view that there is a need of a joint committee comprising, among others, the four chief ministers to reach a consensus on that and several other issues related to the CPEC. The members of the committee said that all MOUs and JCC minutes should be submitted with the Senate and National Assembly so that all misunderstandings and conflicts can be resolved. They said that all four provincial chief ministers including representatives from Gilgit-Baltistan must be part of a Joint Committee for removing their concerns. The Senators were of the view that all MoUs have to be placed before the committee.

Balochistan Education Minister said that there is no development on CPEC projects insofar as his province is concerned. According to him, 78 projects are related to Balochistan but unfortunately still there is no development work on any project. He said the provincial government is ready to assist federal government but it is delaying the project for nothing. The Senators were of the view that Balochistan is facing acute water shortage and people routinely steal water. In response to this, Taj Haider said they are going to figure out a report on this issue and will put it before the House.

<http://www.brecorder.com/business-and-economy/189:pakistan/43651:post-cpec-completion:-will-china-pay-taxes?date=2016-05-07>

INVESTMENT OPPORTUNITIES: PAK-CHINA ECONOMIC TIES GETTING STRONGER, SAYS SHAHBAZ
The Express Tribune, May 8th, 2016.

LAHORE: The economic progress made by China is a model for Pakistan, Chief Minister Shahbaz Sharif said on Saturday. He also said that the country could benefit from Chinese technology.

He was talking to a delegation of China State Construction Engineering Corporation, led by its president Zheng Xue Xuan. Matters regarding collaboration for infrastructure projects and Saaf Pani project came under discussion at the meeting. The corporation expressed interest in investing in Saaf Pani and other infrastructure projects in the Punjab.

“Pakistan-China ties are becoming stronger with the passage of time. The \$46 billion investment package for Pakistan is a great gift by China. The China-Pakistan Economic Corridor (CPEC) projects are being completed speedily,” the CM said.

He said that CPEC projects were a game-changer for Pakistan. “The CPEC is a guarantee of progress and development. It is a splendid gift for the people of Pakistan from the Chinese leadership,” he said.

The chief minister said that the government was completing projects in energy, infrastructure and social sectors with its own resources. “Under Prime Minister Nawaz Sharif’s leadership, a culture of transparent completion of development projects is being promoted,” the CM said.

He said that all facilities would be provided to the China State Construction Engineering Corporation to invest in the Punjab.

Xue Xuan said that Chief Minister Shahbaz Sharif had implemented development projects with high quality in the Punjab. He said that there were a number of investment opportunities in Pakistan, especially in the Punjab. “Cooperation with the Punjab government will be promoted in different sectors,” he said.

China State Construction Engineering Corporation overseas operations president Li Ji Qin, Chinese Consul General Yu Boren, Punjab Housing Minister Tanvir Aslam Malik and Punjab Saaf Pani Company Chairman Kashif Padhiyar were also present.

Tajik ambassador meets CM: Ambassador of Tajikistan in Pakistan Sherali S-Jononov met the chief minister on Saturday. Bilateral relations and promotion of cooperation in various sectors came under discussion.

The chief minister said that there were strong relations between Pakistan and Tajikistan. “Both countries should work consistently for further strengthening trade, economic and social ties. Exchange of trade and business delegations can help promote economic relations between the two countries. Economic cooperation will be increased with close contact between traders and business communities of both the countries,” he said.

The Tajik ambassador said that Shahbaz Sharif had taken exemplary steps for the welfare of people. “Our country wants to strengthen economic and trade relations with Pakistan, especially with the Punjab,” he said.

<http://tribune.com.pk/story/1099142/investment-opportunities-pak-china-economic-ties-getting-stronger-says-shahbaz/>

June 2016

NEWS COVERAGE PERIOD FROM JUNE 27TH TO JULY 2 ND 2016

SENATE BODY ACCUSES GOVT OF LYING ABOUT CPEC

The Express Tribune, June 28th, 2016

Sehrish Wasif

ISLAMABAD: The members of the Senate standing committee on communication accused the PML-N government of creating confusion regarding projects that fall under China Pakistan Economic Corridor (CPEC).

The Senate panel in its meeting on Monday refused to accept that eastern and central route of the corridor fall under CPEC project. They said that only western route comes under CPEC and by including eastern and central route the government is misleading people.

Senator Kalim Agha reminded that during the All Parties Conference (APC) held in January this year, Prime Minister Nawaz Sharif did not inform about any eastern or central route.

Agha further said that an amount of Rs50 billion were allocated for eastern route however eastern route does not fall under the CPEC.

Later the chairman of the senate standing committee Daud Khan Achakzai claimed that Rs3 billion, provided by the Asian Development Bank (ADB), were allocated for the western route of the CPEC for 2015-16, but so far not even a single penny has been spent on it.

The National Highway Authority (NHA) Chairman Shahid Ashraf Tarar informed the committee members that currently there are two projects that NHA is working on that fall under eastern route of CPEC. One is Thakot-Havelian and the project cost is \$1.34 billion and the other is Multan-Sukkur project worth \$2.9 billion, he said.

However the chairman NHA said that the eastern route is also part of CPEC, but none of the members of the senate standing committee agreed with him.

<http://tribune.com.pk/story/1131589/senate-body-accuses-govt-lying-cpec/>

CPEC SUCCESS HINGES ON GWADAR PORT: NAVY CHIEF

The Express Tribune, July 2nd, 2016

KARACHI: The overall success of the China-Pakistan Economic Corridor (CPEC) hinges on development of Gwadar port, Chief of Naval Staff Admiral Muhammad Zakaullah said on Friday.

He gave the statement during a visit of Gwadar. According to Inter-Services Public Relations (ISPR), Admiral Zakaullah visited naval installations around Gwadar during the visit. He inspected the operational readiness of Pakistan Navy units deployed in the area and measures taken for the security of the Gwadar port.

During his visit, the naval chief was briefed regarding ongoing operational activities and associated security aspects at the Gwadar port, particularly with respect to CPEC. The naval chief expressed Pakistan Navy's resolve to ensure seaward defence of vital maritime infrastructure and protect maritime interests of Pakistan against all threats. He reiterated that development of the Gwadar port will be lynchpin for the overall success of CPEC.

While talking to the officers and servicemen of Pakistan Navy, the admiral applauded their professionalism and dedication in safeguarding the maritime frontiers of the country. He expressed his satisfaction on the port security measures and operational preparedness of Pakistan Navy in their area of responsibility.

Upon his arrival, the admiral was received by Commander Coast Rear Admiral Waseem Akram, ISPR said. Later in the day, he held an informal interaction with navy officers and servicemen, the military's media wing added.

<http://tribune.com.pk/story/1134491/cpec-success-hinges-gwadar-port-navy-chief/>

NEWS COVERAGE PERIOD FROM JUNE 20TH TO JUNE 26TH 2016

SENATE BODY SUGGESTS NEW PANEL TO OVERSEE CPEC

Dawn, June 20th, 2016

ISLAMABAD: A special committee of the Senate is set to propose legislation to create a separate authority, working directly under parliament, to supervise the much-touted China-Pakistan Economic Corridor (CPEC) project.

Until that happens, the Senate Special Committee on CPEC recommends that the project be overseen by the Council of Common Interests (CCI) that is already mandated to ensure equitable distribution of resources among provinces.

Senator Farhatullah Babar, who is a member of the committee, told Dawn that the report would soon be laid before the Senate — the third report presented to the upper house on the project.

An earlier report, tabled on Friday by committee convenor Senator Taj Haider, observed “many indications on ground that the agreed western route of CPEC is NOT being given the priority it was accorded... by the prime minister in his public announcement of Jan 15, 2016” and suggested that allocations made for it should be equal to the specifications of the eastern route.

In its latest report, the committee will also recommend that the people of Gilgit-Baltistan should be given due representation and benefit from the CPEC.

The committee, Senator Babar said, believed that since the CPEC started from GB and culminated at Gwadar, the people of Gilgit-Baltistan should benefit from the project.

In this regard, the committee has suggested that the GB Legislative Assembly should have the powers and authority to take decisions regarding the CPEC instead of the GB council, which is headed by the prime minister.

The report seems to cast doubts on the ability of the Ministry of Planning, Development and Reform to handle the project when it calls for its management to be handed over to the CCI.

“The CPEC is, in fact, a national project and in order to guard the interests of all the provinces and their people, there is a need for an organisation that will have equal representation for all and will work directly under parliament,” Senator Babar said.

He said that although the committee had no misgivings about Minister Ahsan Iqbal’s competence, the members felt that since he and most of the other people currently working on the project hailed from Punjab, they would be more watchful of its interests rather than all the provinces.

“We believe that the CPEC is such a huge project that it should be run by an organisation where equal representation of the provinces is ensured,” he said, explaining the logic of handing over administrative control of the project to the CCI.

<http://www.dawn.com/news/1266035>

NEWS COVERAGE PERIOD FROM JUNE 13TH TO JUNE 19TH 2016
DASTGIR EXPLAINS CRITICALITY OF CPEC IN PAKISTAN’S ECONOMY

Business Recorder, June 14, 2016

Federal Minister for Commerce, Engr Khurram Dastgir Khan has said that Pakistan and China are working on one of the largest economic engagement and development plans ever which is rightly termed as “game-changer” and “fate-changer” especially for Pakistan. The minister was addressing the gathering at the “International Production Capacity Cooperation Forum of the 4th China-South Asia Expo” held in Kunming, China. Minister for Science and Technology, Rana Tanveer and business delegation from Pakistan also participated in the event.

The minister highlighted that all the participant countries have so much to learn from each other especially from China, which has been setting milestones after milestones in production capacity growth over the last four decades.

“In today’s globalized world, it is imperative to work collectively and seek solutions for problems like regional developmental disparities,” the minister said. Dastgir urged the Chinese investors to join joint ventures in Pakistan to make win-win platforms for both Pakistani and Chinese businessmen.

“It is high time that businesses from both sides started focusing on benefiting from the strong foundations laid by the two governments to further develop business-to-business ties and the Government of Pakistan will provide special facilitation to the Chinese investors,” the minister added.

The minister also spoke on “The Construction & Development of One Belt and One Road & Industrial Cooperation (Infrastructure, Tourism, Education, Health).”

The minister not only highlighted the importance of China-Pakistan Economic Corridor for Pakistan as the strongest pillar of economic, commercial and cultural connectivity between Pakistan and China but said that the regional impact of CPEC is equally important. “We are confident that CPEC, through its network of roads, railways and industrial parks, will herald a new era of regional connectivity, development and prosperity. This in turn will benefit billions of people in the region,” he said.

He was of the view that CPEC is a remarkable case study for students and researchers alike in terms of its significance in providing linkages between Chinese and Pakistani economies. “It aims at bringing together China’s financial and

industrial capacity and technological prowess with Pakistan's plentiful resources, hard-working labor force and potential market," he added.

The minister said that as CPEC's implementation progresses smoothly, it will indeed establish a new model and set new parameters, standards and criterion for the rest of the World to follow in terms of bilateral and regional economic cooperation. Dastgir also held talks with Li Jiheng, Secretary of the Yunan Provincial Committee of Communist party of China with delegation of high officials of Yunan province and discussed prospects of economic cooperation.

The minister was assisted by Pakistan's Ambassador in China, Masood Khalid, Counsel General Chengdu, Amna Baloch and Commercial Counsellor Beijing Dr Erfa Iqbal. The minister also expressed appreciation for the organisers for allocating 234 booths to Pakistan, which is much higher than the last year and makes Pakistan Pavilion as the largest country Pavilion in the Expo.

The China-South Asia Expo (CSAE) originated as South Asian Countries Trade Fair in 2007, which was held in Beijing. From 2008 onwards, the South Asian Countries Trade Fair was held annually in Kunming along with the China Import and Export Fair, Kunming.

In 2013, the South Asian Countries Trade Fair was renamed as China-South Asia Expo. The 4th CSAE is being held in Kunming from 12-17 June 2016. Trade Development Authority of Pakistan, Federation of Pakistan Chambers of Commerce and Industry and Karachi Chambers of Commerce and Industry are participating in this year's expo.-PR

<http://www.brecorder.com/business-and-economy/189:pakistan/56460:dastgir-explains-criticality-of-cpec-in-pakistans-economy/?date=2016-06-14>

'CPEC'S WESTERN ROUTE TO BE READY BY 2018'

The Express Tribune, June 16th, 2016.

Maryam Usman / Sardar Sikander

ISLAMABAD: Federal Minister for Planning, Development and Reform Ahsan Iqbal, rebutting the notion that the government has neglected the western route of the China-Pakistan Economic Corridor (CPEC), has assured the upper house of parliament that the government was committed to completing the western route by 2018.

Speaking in the Senate on Wednesday, he said the second interim report of the Senate Special Committee on China-Pakistan Economic Corridor was devoid of facts, so were the statements about the government failing to live up to its commitment with regard to the western route.

The special committee report, presented before the Senate on Monday by Senator Taj Haider, points out that the CPEC's western route has not been accorded the priority that PM Nawaz had promised in his public announcement on January 15.

"While work on the eastern route and the Peshawar to Karachi Main Line 1 of the railways is progressing on a fast pace and construction of a six-lane motorway on the eastern route is expected to be completed [on time], work on the agreed route from D I Khan to Gwadar and construction of deep sea berths at the Gwadar Port remain mere eyewash," the report said.

The minister also challenged the remarks of Senator Usman Khan Kakar that the government had allocated a meager amount of Rs1 billion for the western route. Quoting figures from the PSDP, the minister said an amount of Rs17 billion was allocated for the Havelian-Thakot section while Rs19 billion have been allocated for the Multan-Sukkur section.

"If the defence minister was not in Pakistan, someone else from the government's side should have brief the House about the situation," the chairman said.

Meanwhile, the Senate chairman disallowed the government from laying the National Command Authority (Amendment) Ordinance 2016 in the Upper House upon its failure to do the same within the stipulated time period.

This implies that the upcoming legislation on the said ordinance in order to make it an act of parliament may be marked with delay.

PPP Senator Farhatullah Babar expressed concern over the related amendments made to the original National Command Authority Act 2010. The related amendment of Section 15, Babar said, implies that the decisions of the Supreme Court and high courts involving the NCA could not be implemented unless approved by the federal government and included in the official gazette.

“This amendment is tantamount to circumventing the powers of the Supreme Court and high courts,” the senator said. Babar also expressed concern over the amended Section 17.

<http://tribune.com.pk/story/1123811/western-route-ready-2018-ahsan/>

MAKING THE MOST OF CPEC

Dawn, June 19th, 2016

Muhammad Amir Rana

BOTH China and Pakistan consider CPEC a significant milestone — in the emerging politics of the region, it has the potential to change the strategic and geo-economic dynamics across the whole of Eurasia.

Both sides appear enthusiastic about the corridor, but for different reasons. For China, CPEC is a flagship project, an important component of its much larger One Belt, One Road (OBOR) initiative. For Pakistan, it is a strategic and economic game changer in the region.

However, the excitement surrounding this initiative also entails undercurrents of frustration at times. China anticipated a smooth implementation of CPEC-linked projects, but the slow pace and patchy consensus on the project within Pakistan have annoyed Beijing. The Pakistani establishment has attempted to use CPEC and its friendship with China as a strategy for balancing regional power, mainly against India, with less focus on the economic advantages of the initiative.

Despite these mixed feelings both sides can learn a lot, to their mutual benefit. So far, they have avoided taking impulsive steps which could compound frustrations. Pakistan is learning to simultaneously manage and balance internal pressures and compulsions with its foreign policy orientation. China is experiencing a new partnership; different from its African experiences, but very useful for its OBOR engagements in the region.

The Chinese success in Africa — ie how they won and executed mega infrastructure projects in many parts of the continent — is commendable. However, these ample opportunities for Chinese investors were only achieved by China’s unconditional support for those countries’ unsavoury regimes. Critics also point to corruption and kickbacks, which fast-tracked implementation and completion.

Pakistan and South Asia are different from the African region. Although corruption is a big issue in the national discourse — and scandals such as the Panama leaks continue to destabilise the government’s credibility — the government cannot use authoritarian powers to suppress the opposition, media, judiciary and, above all, the common citizen’s grievances.

The political government cannot do without consensus among stakeholders, especially on national issues. In some cases, building consensus takes time but, once developed, it ensures transparency and, most importantly, socio-political stability — critical to paving the way for long-term engagements.

The Colombo Port City project is a good example of this: the project had been signed off by the previous government, but due to internal criticism and lack of transparency the new government suspended work on the project. President Maithripala Sirisena's government has recently given the go-ahead to resume the initiative — after developing consensus and making changes to the terms of the project.

Dictatorial leadership cannot build consensus on critical national issues — such regimes have triggered anti-establishment and anti-Punjab sentiments in its federating units, and have also caused socio-political frustrations which have impacted internal security.

Besides the many issues of resource distribution, the Kalabagh dam is a classical example of military rulers failing to evolve consensus despite all their efforts. It suits political governments best to evolve and maintain consensus as they have previously done; the settlement of water resource distribution, national financial awards, and some critical constitutional corrections are a few recent examples.

Even on CPEC, consensus is intact because all political stakeholders are generally in agreement. If some provinces or political parties continue to have reservations, there are forums available where these issues can be discussed.

The smooth implementation of CPEC-linked projects requires that all our constitutional and legal safeguards are functional and free of bureaucratic hurdles. The government has promised incentives, such as a 'one-window operation' and coordination networks for foreign investors and stakeholders, to create a better investment climate in the country.

To facilitate Chinese investors, the government could introduce a separate mechanism both on the federal and provincial levels. The provinces could accelerate the process of establishing special economic zones, which would also attract investors from other countries.

There is a need to make the Council of Common Interests more effective and functional. At the same time, parliamentary committees on CPEC should be vigilant and enhance their contributions from monitoring to actively giving advice.

If needed, a special oversight committee on CPEC can be formed, made up of representatives from political parties, chambers of commerce, technocrats, and experts. Considering that security is a critical issue for the project, representatives of the security establishment can also be included.

Another issue which Chinese experts often highlight is the lack of any scientific approach in Pakistan, with indirect references to the fact that the eastern route — much more feasible from economic, security and strategic perspectives — should be prioritised. According to their rationale, a scientific approach is needed to manage costs and long routes.

However, a political government cannot sell this idea as it incurs a political cost. The better approach for the government would be to bear the economic costs and to focus on both routes simultaneously. This is important, both for national unity and political stability.

Many experts rightly evaluate the strategic importance of CPEC — increasing in importance given the fluid geopolitical context of the region. The Gwadar port is important for China and Pakistan in emerging strategic scenarios in the Indian Ocean, and will give them an enormous edge over their competitors. Would it be wise to capitalise on strategic advantages only when it also holds economic opportunities — when neither comes at the other's cost?

To put it simply, it is not that Pakistan would gain strategic advantages only if it sacrificed its economic interests. China may also not favour the idea of overemphasising the strategic importance of CPEC and Gwadar, but rather use them as important markers on its blueprint for OBOR. China's strategic and economic positions would not be

damaged if Pakistan continued to use its strategic advantages to balance regional politics and manage its relationship with the US.

CPEC is an experiment for both China and Pakistan. From it, China can learn how to execute OBOR in other parts of the region with similar political and social credentials. For Pakistan, it presents a test: to hold its nerves and implement CPEC without any major political and security turbulence.

<http://www.dawn.com/news/1265737>

NEWS COVERAGE PERIOD FROM JUNE 6TH TO JUNE 12TH 2016

AHSAN SEES CPEC AS BOON

Dawn, June 6th, 2016

LAHORE: China Pakistan Economic Corridor (CPEC) will place Pakistan among the top economies of the world, says Federal Minister for Planning, Development and Reforms Ahsan Iqbal.

“It is a big opportunity and also a great chance for engineers to learn and deliver for the prosperity of the country,” Iqbal said while addressing students of the University of Engineering and Technology Lahore, Narowal sub-campus, on Sunday.

The minister said the government was totally focused on the promotion of engineering education in the country.

Ahsan Iqbal termed the aim of life a formula of 4 D – dream, decision, discipline and divine help. He said a modern and well-equipped innovation centre was also going to be established at Narowal sub-campus to strengthen the approach of entrepreneurship which was need of time.

Pakistan Engineering Council Chairman Javed Saleem Qureshi said the future of Narowal and its surroundings would be changed within a few years due to the establishment of UET sub-campus. He urged the students to follow the success stories and be prepared to face upcoming challenges.

He said PEC was launching online registration for fresh graduates and registration would be started for students in their first semester. He announced that PEC would give Rs1 million for best project of the country.

<http://www.dawn.com/news/1263017/ahsan-sees-cpec-as-boon>

SENATE COMMITTEE RAISES DOUBTS ABOUT CPEC'S WESTERN ROUTE

Dawn, June 7th, 2016

ISLAMABAD: The Senate Special Committee on China-Pakistan Economic Corridor raised on Monday serious doubts about CPEC's western route and decided to submit its report to the upper house soon.

At an in-camera meeting mainly attended by senators belonging to opposition parties, the committee decided to call senators from the treasury benches at the next sitting to convey its concerns.

The meeting discussed issues relating to the CPEC toll regime, proposed economic zones, local and Chinese investments, etc.

“The government is telling lies regarding the western route of the CPEC because nothing is being done on it,” PPP Senator Farhatullah Babar told Dawn after the meeting.

Although an official notification issued by the Senate Secretariat on Sunday contained a list of the participants of the meeting, including Minister for Planning and Development Ahsan Iqbal, Mr Babar claimed the minister did not attend it.

“In fact it was an internal meeting of opposition leaders in the committee to chalk out a strategy to resist the government’s ignorance and slackness towards the western route of the corridor,” he added.

He said it had come to the notice of the committee that only a single lane or double road had been proposed for the western route, contrary to the six-lane road planned for the eastern route of the corridor. “How the western route will cater to heavy traffic to be originated from Gwadar with a single lane or double road,” he asked.

Mr Babar said the committee had been informed that work on the eastern route and the Gwadar Port was being carried out on a fast-track basis, but the project would remain ineffective unless the western route was made on a par with the eastern route. He said four berths of the Gwadar Port had been constructed and the remaining six would be completed by the end of this year.

“We believe that the CPEC is heading towards a big controversy as the government has kept the nation in the dark regarding development of the western route,” Mr Babar said.

Senator Nauman Wazir Khattak of the Pakistan Tehreek-i-Insaf said that no member from the treasury benches had attended the meeting and the committee decided to present its report to the Senate soon. He said the area beyond Dera Ismail Khan and Zhob was a hilly terrain and asked how it was possible for the National Highway Authority (NHA) to construct a four- or six-lane road on hills as promised by the government.

“This will remain neglected and after a year and so the NHA will come up with an excuse that it cannot construct road on hilly areas,” Mr Khattak said.

He said that once the Gwadar Port was fully operational more than 55,000 containers would be on the corridor and a crude oil tanker would be rolled out after every minute from Gwadar. “Will the western route be able to bear such load of heavy traffic?” he asked. He said the government did not know how much toll would be recovered from the CPEC and what share China would get from it.

<http://www.dawn.com/news/1263252>

‘EXTRAORDINARY’ HUDDLE AT GHQ FOCUSES ON CPEC

Dawn, June 8th, 2016

Baqir Sajjad Syed

ISLAMABAD: Key civil and military leaders assembled at the General Headquarters on Tuesday to review the policy towards Afghanistan and deliberate on the challenges to the China-Pakistan Economic Corridor.

The rare meeting convened by Army Chief Gen Raheel Sharif was described by the quarters concerned as “extraordinary”.

The civilian side was represented by Finance Minister Ishaq Dar, who is looking after government affairs in the absence of Prime Minister Nawaz Sharif, Defence Minister Khawaja Asif, Adviser to the PM on Foreign Affairs Sartaj Aziz, PM’s Special Assistant Tariq Fatemi and Foreign Secretary Aizaz Chaudhry.

Gen Sharif was assisted by ISI chief Lt Gen Rizwan Akhtar and his other key aides.

The first civil-military huddle on national security since Prime Minister Sharif left for London for heart surgery is believed to have been prompted by some specific concerns even though a statement issued by the Inter-Services Public Relations (ISPR) said it was held for deliberations on “issues related to external and internal security situation of the country, including CPEC”.

The national security meeting, from which National Security Adviser retired Lt Gen Nasser Janjua and Interior Minister Chaudhry Nisar were conspicuous by their absence, according to one participant in the session, was chiefly about outstanding issues in relations with Afghanistan and the CPEC.

The absence of Mr Nisar and Gen Janjua left little doubt that the session was neither about internal security nor India was the main agenda topic.

There were virtually no details about the decisions taken on ties with Afghanistan and the CPEC although it is well known that such meetings precede important decisions by the government and military.

The ISPR's media statement was, meanwhile, high on rhetoric and contained the usual pledges about not allowing hostile intelligence agencies — a reference to Indian intelligence agency RAW and Afghan outfit NDS — and their unnamed “facilitators” to foment trouble in the country, and protecting “core national interests” and “countering any negative outside influence”.

According to a source, the meeting “reaffirmed commitment to the Afghan peace”, but emphasised border management to control cross-border movements.

The meeting condemned the US drone strike, which last month killed Afghan Taliban chief Mullah Akhtar Mansour.

The “21 May US drone strike was a clear violation of Pakistan's sovereignty and it affected mutual trust and undermined the spirit of Afghan Peace Process under mutually agreed Quadrilateral framework,” the participants of the meeting observed, according to ISPR statement.

Despite its regrets that decisions at the four-nation group's last meeting were not respected, Pakistan remains associated with the quadrilateral process for peace and reconciliation in Afghanistan.

“The meeting also took cognizance of ongoing regional developments and inimical designs against our stability and prosperity,” the ISPR said.

Pakistan has viewed the Iranian Chabahar port, which is being developed with Indian assistance, and the trilateral transit agreement between Iran, India, and Afghanistan as a security threat.

After the meeting, the army chief received Chinese Ambassador Sun Weidong in his office for a discussion on “regional security and the China-Pakistan Economic Corridor”.

<http://www.dawn.com/news/1263511>

EX-SERVICEMEN TO BE HIRED FOR CPEC SECURITY

Business Recorder, June 12, 2016

The Sindh government has announced that it will recruit 2,000 ex-servicemen for the security of China-Pakistan Economic Corridor (CPEC) project. Presenting a budget proposal for the fiscal year 2016-17, provincial finance minister Murad Ali Shah on Saturday said the Sindh government has kept law and order as one of its topmost priorities.

The Home Department (including police, jails, rangers and other security agencies) is the second largest department in terms of resource allocation with a share of 14.4 percent in total current revenue expenditure in FY17. “This is a clear proof of our commitment to give citizens of this province a peaceful and tranquil environment where they can pursue their goals of a better living,” he added.

He also announced that the provincial government will take more steps to improve the police operations. As per the announcement, some 20,000 more personnel will be recruited, of which 10,000 posts that were released during this

fiscal year included 2,000 ex-servicemen for CPEC security, 6,000 for traffic police Karachi and 2,000 personnel for RRF Centre.

For next financial year, 10,000 new posts have been created. Out of these, 4,000 posts will be for Karachi range, 1,000 for Hyderabad, 750 for Larkana, 600 for Mirpurkhas, 550 for SBA, 600 for Sukkur and 2,500 posts for IT Cadre. A recruitment policy has been framed to ensure merit and transparency. A supervisory board will be formed to ensure merit-based recruitment's.

The Home Department has been allocated Rs 82.3 billion in FY17 against current fiscal year's budget estimates of Rs 70.8 billion; showing an increase of 16 percent. With an increase of 17 percent, the budget for Sindh Police has been enhanced from Rs 63.3 billion to Rs 74 billion. This includes SNE allocation of Rs 8.9 billion for police.

The ADP for the Home Department has been pitched at Rs 2 billion. The three key pillars of the government's strategy to improve the performance of police are the welfare of the police personnel, making current operations more efficient and the capacity building of the force.

The minister said that Sindh law enforcement personnel sacrifice their lives for the safety and security of the citizens. Hence, the need was felt to actively work for their welfare, therefore the compensation for police personnel who embrace Shahadat has been enhanced from Rs 2 million to Rs 5 million.

Development of land that will be allotted to the heirs of the Shaheed will be ensured. Further, recruitment of one child of the Shaheed into government job will be made in accordance with the qualification. In addition, Sindh Police Welfare and Maintenance Board will be formed and civilians will also be made part of it to ensure transparency.

The number of ATC courts has also been increased to bolster counter-terrorism efforts and biometric attendance has been introduced at police training schools and their curriculum has also been revised to include specialised subjects.

Major procurement of machinery & equipment has been done including arms and ammunition, APCs and operational vehicles to further improve the performance of police. Rupees 5.2 billion have also been allocated to SNE for procurement of physical assets (Rs 2.5 billion for purchase of transport; Rs 0.65 billion for purchase of machinery; and Rs 2 billion for purchase of other assets including arms and ammunition)

Some 200 prosecuting inspectors and 200 inspectors will be recruited to improve prosecution. GSM locators are a very important tool for conducting investigations and Rs 200 million have been allocated for their purchase and repair. In order to improve the intelligence gathering mechanism, a data centre and intelligence school is going to be created in the Special Branch for which provision of Rs 281 million has been reserved for the financial year 2016.

A Forensic Science Laboratory which is the basic requirement of investigation and an explosive laboratory will be developed at a cost of Rs 2.5 billion. A unified command and control surveillance system will be put in place with the help of cameras installed by the KMC and the police department.

Sindh government has also announced that it will revamp the Police Response Centre (Madadgar 15) and the Driving License Branch, beside automation of criminal record is under process which will be followed by that of human resource. The financial assistance to the widows of police personnel will be disbursed through ATM cards like BISP. The Bomb Disposal Squad will also be expanded.

<http://www.brecorder.com/market-data/stocks-a-bonds/0:/55995:ex-servicemen-to-be-hired-for-cpec-security/?date=2016-06-12>

July 2016

NEWS COVERAGE PERIOD FROM JULY 25TH TO JULY 31ST 2016

CPEC: TOUGH ROAD AHEAD

The Express Tribune, July 25th, 2016.

When a project as huge as the China-Pakistan Economic Corridor (CPEC) is implemented, issues are bound to arise especially in a country like Pakistan, where inefficiency, corruption and political instability plague the system. The CPEC is worth close to \$46 billion, almost twice as much as Pakistan's total foreign exchange reserves, and has been cited umpteenth times as a game changer for the country.

It ran into political obstacles as soon as it was announced, before plenty of negotiations and calming of frayed nerves overcame the hurdles. However, there remain in its way a fair share of troubles. In the latest development, five energy projects — that should be of utmost priority — are facing delays, according to the Ministry of Water and Power. It comes as no surprise that Sindh is at the forefront of these delays where the provincial government is as inefficient as it appears nonchalant to the idea of development and progress.

The PML-N, on the other hand, rode the last general elections on the back of its promises that it would end power outages by the end of its tenure and improve the country's security situation. Due to the military's overarching role, Pakistan's security woes have lessened to an extent, but there is still a long way to go.

Progress has been made on the energy front as well, but the road in this regard is even longer and has proven to be murkier. Deals with Qatar to import LNG would help Punjab — the political stronghold of the ruling party — but other provinces are dependent on CPEC projects to help alleviate the crisis. Power outages are a countrywide issue with the extent of the problem varying along Pakistan's geographic zones.

There are rural areas that are still off grid while there are others where the electricity supply is largely erratic. In the urban areas, where one would expect better performance of power companies, the situation isn't all that encouraging either.

In such a scenario, where the PML-N is desperate to keep its promise amid increasing pressure from all quarters especially in the wake of the Panama leaks, it is obvious why it would be on its toes. Investment and loans from the Chinese side are an especially acute force that should drive Pakistan towards haste and efficiency in completing these projects. The CPEC would benefit China; there is no doubt about that.

We are already hearing of high interest rates and the growth China could accrue from the projects. Pakistan stands to benefit as well since the energy crisis is one of the top-most reasons economic growth has not taken off the way it should have. Structural reforms, promised to the IMF, have not taken place in power companies and this is a potential problem area.

The CPEC may add precious megawatts to the national grid, but when the distribution mechanism remains inefficient and corrupt apart from being obsolete, one is sceptical of any progress. The power sector continues to disappoint and any attempt to restructure or privatise companies is met with fierce opposition.

So what does a government, which has repeatedly promised to rectify the situation, do? It needs to take tough steps, including being stern with the private sector to ensure timely completion of CPEC projects.

The Chinese are not going to wait around while Pakistan puts its house in order. Billions of dollars are at stake and the CPEC needs to be translated into reality quickly. Ideally, in another year or so, one should be able to see the progress, or lack of, on ground.

Reported delays in financing from the Pakistani side need to be overcome as there are several quarters that want the CPEC to fail. This is a golden opportunity for Pakistan to show that it can overcome challenges of corruption and inefficiency when real progress is there to be had.

<http://tribune.com.pk/story/1148427/cpec-tough-road-ahead/>

POWER PROJECT UNDER CPEC RUNS AGROUND

The Express Tribune, July 25th, 2016.

Shahbaz Rana

AL QUDS / ISLAMABAD: An electricity transmission project under the China-Pakistan Economic Corridor (CPEC) is said to have become unviable reportedly owing to the government's decision to give priority to power projects in Punjab.

The \$2.1-billion, 878-kilometre-long Matiari-Lahore Transmission Line was planned to supply 4,000 megawatts of electricity produced from coal in Sindh to cities in Punjab. This scheme was among the priority projects that China and Pakistan wanted to complete by December 2018 in the first phase of the CPEC construction.

Officials of the ministries of water and power, and planning and development said that owing to delays in commissioning of power generation projects in southern parts, there would not be much load available to lift from Sindh, putting a question mark over the feasibility of the project.

They said the financial viability and dates to start construction work would remain elusive until the National Transmission and Dispatch Company (NTDC) completed a fresh load flow study while bearing in mind the commissioning dates of power projects.

In April last year, the NTDC and State Grid Corporation of China had signed the project agreement. But the officials said the political leadership would now decide whether to retain this project as a priority project or not.

The Matiari-Lahore power line is the seventh CPEC project facing problems. The water and power ministry has already given warnings to the sponsors of five energy-sector projects located in south to either complete them by 2018 or face deletion from CPEC.

The transmission line is to be the first 660kV High-Voltage Direct Current electricity transmission line in the Independent Power Producer (IPP) mode.

According to experts, Pakistan's transmission system is based on alternate current (AC). The Direct Current mode is capital intensive, requires guaranteed load factor and can transmit electricity in one direction – in this case from South to North.

Initially, the officials said, the government planned to give high priority to coal-based power plants in Sindh and transmit electricity to Punjab. But now the government's priority has shifted to three LNG-based, 3,600MW power plants that are being setup in Punjab and a 1,320MW coal-based plant in Sahiwal. In addition to this, more hydel-power plants are under construction in northern parts of the country.

Dispelling the impression of government's changing priorities, Planning and Development Minister Ahsan Iqbal insisted that all project-related issues would be resolved soon.

“Viability of the project is one aspect but one also has to keep in mind the consequences of not having a transmission line when other power generation projects are ready,” he said.

<http://tribune.com.pk/story/1148561/power-project-cpec-runs-aground/>

SENATORS ASK GOVT TO SHOW CPEC AGREEMENT

The Express Tribune, July 28th, 2016.

Danish Hussain

ISLAMABAD: The legislators in the upper house of parliament on Wednesday demanded of the government to make public agreement of the China-Pakistan Economic Corridor (CPEC) project to help clear many controversies and confusions surrounding the multi-billion-dollars project.

Speaking on an adjournment motion moved by Senator Dr Jehanzeb Jamaldini, the lawmakers ask the government to present before the house the salient points of the agreement signed between Pakistan and China with regard to the project.

Not only the opposition members but also senators from allied parties like the National Party (NP) and the Pashtoonkhwa Milli Awami Party (PkMAP) supported the motion and said such a move would clear misgivings of the smaller provinces.

Some of the senators also accused the government of deliberately hiding details of the agreement as, according to them, the project would only benefit Punjab and the rest of the provinces would be left high and dry.

Adjourning the house proceedings on Wednesday, Senate Chairman Raza Rabbani directed the Minister for Planning and Development Ahsan Iqbal, who was not present in the House, to table the document before Senate during the current session.

Senator Jamaldini said Punjab had turned out to be a major beneficiary of the CPEC and for this very reason the government was hiding the project's details.

The NP's Mir Kabeer Ahmed was of the view that all provinces support that project but they had some reservations, which should be addressed.

"Every time government ministers come and tell us about conflicting details of routes and benefits of the project. They don't share any solid or specific detail in black and white," he said.

The PkMAP's Usman Khan Kakar said Prime Minister Nawaz Sharif had said that the CPEC project would strengthen the federation of Pakistan but with the passage of time it is 'weakening' the federation.

"The project has fallen prey to provincialism and prejudice. The CPEC should have been a game-changer for Pakistan but it's turned out to be a game-changer only for Punjab," he said.

The PTI's Senator Nauman Wazir drew attention of the house towards Economic Coordination Council's meeting held on Tuesday. "Minutes of that meeting related to important decisions taken by the government on the CPEC should also be made public," he demanded.

He alleged that non-professional individuals were overseeing the project and they were unable to protect Pakistan's interest.

Awami National Party's (ANP) Senator Ilyas Bilour said if government continued to behave in such careless manner then it would lose unity among federating units.

The Muttahida Qaumi Movement's (MQM) Tahir Mashhadi said in the long run the CPEC would also impact Pakistan's friendship with China as representatives of federating units in parliament after getting no answers to their questions about CPEC were now blaming China.

Pakistan Peoples Party (PPP) Senator Taj Haider, who is also chairman of the senate special committee on the CPEC, said misunderstandings of the smaller provinces were multiplying with every passing day and situation would certainly impact Pakistan's relation with China.

<http://tribune.com.pk/story/1150840/senators-ask-govt-show-cpec-agreement/>

SENATORS BICKER OVER FUTURE CPEC 'SPOILS'

Business Recorder, 28 July 2016

Zulfiqar Ahmad

ISLAMABAD: The lawmakers in Senate on Wednesday demanded the government to present salient points and agreements of the China-Pakistan Economic Corridor (CPEC) project in the House to ensure transparency in execution of billion dollars mega project.

Speaking on an adjournment motion moved by Dr Jehanzeb Jamaldini, who sought the salient points and agreements of the project, they said smaller provinces have been singled out while Punjab has turned out to be a major beneficiary of the CPEC.

They regretted that despite assurance by no other than Prime Minister Nawaz Sharif to give top priority to the western route, no progress was made, while the ministers of his cabinet especially planning and development minister Ahsan Iqbal is moving from pillar to post to shift the whole project to his native town, Norowal, to gain political mileage.

They also called upon the Prime Minister to take the House into confidence or call another All-Party Conference to address the reservations of the lawmakers who are in a fix after the premier could not fulfill his commitment made during an APC chaired by him in May last.

In an obvious reference to military, Mian Atique of MQM said that if the Prime Minister did not intervene at this stage to clear the controversy about the project, some hidden forces might step in forcibly to look after the whole project.

This prompted chairman Senate Raza Rabbani directed Planning and Development Minister Ahsan Iqbal to tell the House about salient points and agreements of the mega project by tomorrow Thursday or Friday at all costs.

Senator Usman Khan Kakar of PKMAP snubbed Senator Mushahid Hussain, Chairman Parliamentary Committee on CPEC, when the latter objected to his remarks on the failure of his committee in addressing the reservations of the lawmakers belonging to smaller provinces.

“The performance of the parliamentary panel headed by Senator Mushahid is zero [and] the project has fallen prey to provincialism and prejudice. The CPEC should have been a game changer for Pakistan, but it turned out to be a game changer for Punjab,” he added.

Senator Col Syed Tahir Hussain Mashahdi (ret'd) said that the government has put Pakistan China friendship at stake for its own vested interests, adding \$46 billion could be a game changer for a country like Pakistan.

He accused the government of making the project controversial for political gains by making huge investment in Punjab. “The controversy started after it was kept secret that out of \$46 billion CPEC project, \$36 billion is loan, besides diverting the whole projects towards Punjab,” he added.

Senator Taj Haider of Pakistan People's Party (PPP) also expressed concern if the Prime Minister failed to step in to resolve the controversies about CPEC due to incompetence of his ministers, it might affect the China-Pakistan friendship.

He was of the view that the agreements of CPEC including the minutes of Joint Coordination Committee should be presented before the house. He called for resolving the issue, saying protests against the CPEC have already started in KP.

Senator Noman Wazir Khattak of Pakistan Tehreek-e-Insaf (PTI) plainly stated that “CPEC is certainly a game changer for China’, as it wants to develop its radicalized western Xinjiang province, but for Pakistan it’s ‘something good and no game changer at all”.

He said that China is making efforts to develop its backward areas, but our government has ignored the provinces such as Khyber Pakhtunkhwa and Balochistan that have been hub of militancy due to poverty and backwardness.

Referring to a meeting of Economic Coordination Committee of Cabinet, he said that all machinery, equipment, labour, building material, etc would be brought to Pakistan from China and there would be no tax on anything, which he insisted would be last nail in the coffin of Pakistani industries.

He said that the Pakistan government has no idea how to protect its national interest, adding it has no planning about the revival of the industrial sector as the damage to local industry due to such huge tax exemption to China would have disastrous implications.

Senator Ilyas Bilour of Awami National Party (ANP) declared that the CPEC is a “completely fraud” as it is not meant to benefit the smaller provinces, adding if this remained the attitude of the government, it might hit a formidable snag as smaller provinces have serious reservations on it.

Senator Javed Abbasi of ruling Pakistan Muslim League-Nawaz (PML-N) insisted that the CPEC under the leadership of Nawaz Sharif would usher in a new era of development in Pakistan, adding KP is the only province which benefits the most from the CPEC.

Senator Farhatullah Babar questioned the silence of government and denial from Chinese ambassador to Pakistan when a report was flashed in media quoting unknown military sources that a separate organization was going to be set up to oversee the CPEC.

Barrister Muhammad Ali Saif of MQM seemed equally upset and said that the project is no game changer rather it would turn out to be ‘a money changer’ after some years given the lack of transparency at the initial stage as some people are struggling to fill their coffers at the cost of the national interest.

The minister for parliamentary affairs Sheikh Aftab while winding up the debate assured the House that all four provinces would benefit from the \$46 billion mega project.

He said that construction work on western route is continuing and in next two years, entire KP would be connected with Gwadar, adding special economic zones would be set up in all four provinces in consultation with all chief ministers with a view to attracting foreign investment.

“A special economic zone will also be set up in Gwadar and a master plan has been evolved to develop Gwadar. Our government will not take any such step which hurts the national interest,” he added.

Dr Jehanzeb Jamaldini, Mir Kabir, Azam Swati, Sardar Azam Khan Musakhel, Sassui Palijo, Farhatullah Babar, Saud Majeed, Daud Khan Achakzai, Nehal Hashmi and Mukhtiar Dhamrah also spoke.

<http://epaper.brecorder.com/2016/07/28/1-page/780578-news.html>

WILL LEAVE NO STONE UNTURNED TO COMPLETE CPEC ON TIME: COAS

The Express Tribune, July 29th, 2016.

ISLAMABAD: Army chief General Raheel Sharif on Thursday assured China that Pakistan will not leave any stone unturned to ensure the timely completion of the China-Pakistan Economic Corridor (CPEC) project.

He made these remarks while speaking at the Chinese embassy in Islamabad to commemorate the 89th anniversary of the founding of China's Peoples Liberation Army.

General Raheel said CPEC was a strategic game-changer not just for Pakistan but for the entire region. "It is destined to bring significant improvement in the lives of hundreds of millions of people, besides further promoting mutual interdependence among regional states," he added.

"As chief of army staff, I assure you that security of CPEC is our national undertaking and we will not leave any stone unturned to ensure its timely completion and uninterrupted success," General Raheel said. On Pakistan-China ties, General Raheel said Pakistan Army and the people of Pakistan take pride in 'our bonds of friendship' with China. "This iconic relationship is sweeter than the honey, higher than the Himalayas and deeper than the oceans. It is a symbol of our time tested friendship and deep and impregnable relationship," he remarked.

He further said the affinity of views between China and Pakistan reflected 'our common vision and shared destiny.' "This convergence of our interests and commonality of purpose make us the most important strategic players in the region," he maintained.

"Today, our mutually beneficial engagements include defence collaboration and joint production ventures. It also includes unified diplomatic front at all international platforms including United Nations, Association of South East Asian Nations, Shanghai Cooperation Organization; and the splendid China Pakistan Economic Corridor."

He described China and Pakistan as partners in fight against the menace of terrorism for the common good of humanity. "We seek enhanced regional cooperation to root out the menace of extremism and terrorism for enduring peace and stability in the region."

"As we consolidate the gains of Operation Zarb-e-Azb, we will continue to take action against terrorists of all hue and colour. Our resolve to break the nexus between terrorists, criminality and corruption is unflinching," he said He reiterated that Pakistan Army and PLA form the edifice of "our overall strategic relations." "I am sure that the vast range of professional collaboration between PLA and Pakistan Army will continue to grow as a hallmark of the eternal friendship and common future of China and Pakistan."

"I once again extend felicitations to the People's Liberation Army on this historic day. People of Pakistan truly admire your achievements and we are proud of being your close partners," he remarked.

<http://tribune.com.pk/story/1151514/will-leave-no-stone-unturned-complete-cpec-time-coas/>

CPEC: PRIVATE SECTOR'S POINT OF VIEW

Business Recorder, 29 July 2016

Saqib H. Shirazi

In the midst of the justifiable excitement surrounding China-Pakistan Economic Corridor (CPEC), it is pertinent to assess what the Pakistan-China friendship means to the different stakeholders in the country. For the Ayub era generation, the significance of the Pakistan-China relationship is probably perceived as a critical and enduring political-strategic partnership mainly based on a national security narrative. For them the economic potential of the 65-year-old Pakistan-China partnership is yet to blossom. In their opinion, apart from the notable exceptions of the Karakoram Highway and the nuclear power cooperation, China has yet to become an important economic partner in the development of the county. Whether for trade, investment or technology, the bias remains towards the West and Japan. And thus far, unlike the West, China is far from a serious destination for Pakistan's exports.

If the same question is posed to our generation, then the answer is again one of limited economic impact. The lack of engagement between the two country's private sectors can be best illustrated by a dialogue one had as part of a NUST delegation to China. Needless to say, the visit was very well arranged and an eye opener on how diligently the Chinese government and business engage on long term, cross border initiatives. Most of the Pakistani private sector did not have much insight into the close coordination of the Chinese government-business entities at the time. Encouraged by the Chinese Government, the frankness with which each side spoke of the mutual opportunities and limitations was the real learning. A Chinese power firm executive, when privately inquiring about the purpose of our visit, was quite candid in his response on the possibility of Pakistan's private sector business potential with China. One recalls the executive conveying, "Gentlemen, China already has sufficient business partners in Pakistan and frankly, we don't think we need you lot yet".

On inquiring who the partners were, the reply was quite revealing – "Our partners are the armed forces, the central government and the provincial governments. You see, China only needs government partnerships to get its business done in Pakistan. The private sector is not a priority at this time".

In one's opinion, as recently as six years ago, private sector relations between China and Pakistan did not exist. Only unorganized sector trading and two notable investors – Haier and China Mobile – had emerged till then. Working with the Pakistani private sector was still deemed a challenge. The perception was that the market and the entities were either too small or weak. A preference hence was for trading and government related projects only. Even financial availability was limited. The banking cooperation has only recently started to emerge. It is for these reasons that our generation has tended to disregard China as a serious partner for any private sector initiative, until perhaps recently.

Meanwhile, for the common man, China is basically seen as the all weather and reliable anti-India friend. His general perception is that Pakistan needs China and China has always been available to Pakistan. Importantly, and unlike the relationship with the West, the engagement is not perceived as one of 'master-servant' or 'only when needed'. For him, opening of Pakistan's market to Chinese investment is perceived as a win-win for both.

CPEC has, no doubt, arrived. And it is probably the right time for both countries to reap the benefits of the enduring friendship. The promise of USD 45 billion is uniquely ambitious and makes CPEC stand out as a potentially defining moment for the country's economy. If even one fourth of the USD 45 billion is realized it will be more than any other country, barring the USA, has done for Pakistan's economy.

However, today, even with all the complexities in the relationship, the US still remains the dominant economic and defence engagement partner for Pakistan. For Pakistani private sector, the US is still the biggest importer of our goods, especially textiles. Access to the US market, despite the tariffs, is still far in excess of what China has afforded us. As a result, there is in fact a trade surplus of USD 2 billion in Pakistan's favour. In contrast, periodic yarn exports have been the only meaningful Pakistani exports to China in the last decade. True success of the CPEC will be realized when China not only commits to these infrastructure projects, but also opens its own market to our exportable goods. This will reduce reliance on our traditional export markets and capital will be created for our economic development.

The US and the West have historically used (and often compensated) for their adventures in the region. However, with both defence and economic sovereignty becoming an important issue for our people, the strategic relationship with China will need to be upgraded. The CPEC is an important economic initiative, but given Pakistan's turbulent neighborhood and economic volatility, there has always been a need for a backstop. In the past, Pakistan has had access to the World Bank, the IMF and country specific aid from the US/EU and Japan.

However, with China's growing geo-political influence, access to the newly minted Asian Infrastructure Investment Bank (AIIB) and China aid, grants will be crucial. Pakistan's negligible exports, FDI, and a large saving and investment gap imply that the country will require such a commitment from China. With the world's sixth largest population and a rising middle class, a calculated bet on Pakistan by China can prove to be strategically and economically prudent. Absence of such a commitment could well undermine the potential.

The China-Pakistan economic friendship has yet to be fully tested. While CPEC is rightly seen as a potential “game-changer”, there is still warranted cynicism and doubt. The “one belt, one road” mission certainly makes theoretical sense; however, the proof will be in its delivery. Even as the Chinese investment in CPEC projects starts, there is concern around excessive returns and a possible balance of payments impact due to projected FX outflows. Institutions like the State Bank and even the Finance Ministry have quietly started expressing concerns on too much Chinese labour and lack of local contents used in projects.

The quiet feedback to counterparts in the Chinese government is to urge Chinese entities to not take more out than they are bringing in. The State Bank and the Federal Board of Revenue have even highlighted malpractices such as over invoicing and unprincipled dealings, as being endemic. Measures must be put in place to ensure that the economic relationship is mutually beneficial and sustainable. Examples of delays and poor execution of projects in African nations, which too have seen sizeable Chinese investment in-flows, are abound in the business circles as warning of potential threats.

It is important to note that while maintaining a relationship, the Chinese people think long-term. Opportunists keep only 2-3 year horizons in mind, but strategic partners, joint ventures and infrastructure planners think at least one generation ahead. The opportunists spoil goodwill and image for the sake of short-term profit. Unfortunately, such miscreants currently dominate the business ties between the two countries.

For example, the vast majority of the Chinese goods exported and dumped into Pakistan over the last decade represent cheap quality and under invoicing. The Pakistan Business Council has quoted figures of exports from China to Pakistan as USD11,019 million in 2013. However, during the same period, Pakistan recorded imports of only USD 6,626 million. A FTA must make sense and if it is not mutually beneficial it must be rectified.

However, the most alarming aspect is that nobody at the helm in either country is ready to touch and resolve these matters. The blame is equally shared by both the countries’ trading communities, who thrive on malpractices and discourage dialogue at the government level. China’s image, in the meanwhile, suffers. In Pakistan, its products generally equate to generic or poor quality.

The irony is that in the meanwhile, back home, China has climbed the value chain and has itself become a producer of some of the world’s best brands like Apple, GE and Mercedes. There is thus the obvious need to check and control such malpractices, which tend to spoil markets, goodwill and employment opportunities for our populace.

Any true patriot would certainly ask whether China has done enough to also deserve such open access to Pakistan’s market. In turn, and to be fair, our Chinese friends also often question whether Pakistan deserves Chinese investment flows given the law and order and the red tape inefficiency at every turn. These are pertinent questions, which need to be addressed by both nations earnestly. We are in uncharted waters and trust needs to be created to deliver the promised win-win.

Currently, South Asia remains one of the least integrated regions of the world particularly due to the muddled India-Pakistan relations. As a result, the Bangladesh Pakistan and the Afghanistan-Pakistan relationship continuously ebbs and flows due to India’s interference and sensitivity.

Unfortunately, there are no natural friends, only unholy alliance at best, in the South Asia region. Religions and suspicions divide us, making this an insignificant trading region for over 65 years now. For China, Pakistan can become the base country for another region encompassing countries from Pakistan, Iran, Iraq, Central Asia and as far as Turkey.

Historically, this region was home to the Old Persian Empire, the Arab Empire and the Ottoman Empire. And China traded with this vast region using the Silk route. What China is trying to establish with Pakistan thus makes sense. I have little doubt that eventually similar cultures and religion, like in Europe and EU, will become unifiers.

The focus on this link is actually a reconnect to the old route that in turn, will be the pathway to an economic bloc that can rival Africa and India in a few decades. CPEC will be a driver of connectivity between South Asia and East Asia, while Gwadar can be the gateway for Central Asia. In time, one believes Afghanistan will also fall in line with this reality.

The Western alignment of the CPEC from Chaman, and Eastern alignment with Peshawar from Jalalabad is but natural. The CPEC will provide the shortest and most cost effective route to the region for China.

As for the present, there are numerous opportunities for Pakistan in the current and future regional scenarios. The country lacks infrastructure and a road network. It sees improvement in these sectors through CPEC. Project finance and project investment is now flowing from China, with power projects a top priority. On the other hand, only 5 percent of Pakistan-China Free Trade Agreement (FTA) has been utilised by Pakistan.

The FTA needs to be revisited so its benefits are optimised. There are only six countries in the world with a population of more than 200 million people. Given economic cycles, every country in the future will no doubt endure downturns and recessions. However, in my opinion, these six countries will undergo the smallest shocks and the quickest rebounds in economic activity.

Overtime, with increased education and rising incomes, population dividends will indeed take effect. The larger consumption base of these economies will prove to be a blessing. Therefore, for Pakistan and China, the CPEC is very beneficial for both the countries. China's 1.3 billion people will be linking up with Pakistan, a country with one of the fastest growing populations.

In years to come, Pakistan will become the fourth most populous country in the world. Estimates suggest Pakistan's population will peak at 350 million by 2050. In preparation for that, we ourselves need to focus on becoming an educated, developed and a competitive economy, not a mere sidekick to another global power. That is what people expect from closer Pakistan-China strategic ties. Only when such decisive, nation-building actions are taken will the relationship prove to be "higher than the mountains, deeper than the oceans and sweeter than honey."

<http://epaper.brecorder.com/2016/07/29/23-page/781028-news.html>

'CPEC WILL MAKE PAKISTAN PART OF GLOBAL MAINSTREAM'

Dawn, July 30th, 2016

RAWALPINDI: The China-Pakistan Economic Corridor (CPEC) will bring Pakistan into the global economic mainstream, said Pakistan Institute of Development Economics (PIDE) joint director Dr Safdar A. Sohail.

Speaking at a consultative workshop on CPEC arranged at the Rawalpindi Chamber of Commerce and Industry (RCCI), Dr Sohail highlighted opportunities and structural logjams in the utilisation of CPEC.

RCCI senior vice-president Saqib Rafiq, vice-president Mohammad Aqil Obaid, former president Amanullah Khan, members of the executive committee, officials from PIDE and a large number of traders attended the workshop.

Dr Sohail apprised the participants about the CPEC business opportunities and challenges and details about the major dimensions of the mega project.

He compared the foreign direct investment (FDI) inflows of Pakistan with the inflows of different neighbouring countries and shared the volume and cost of different projects under CPEC.

Senior research and evaluation specialist at the Ministry of Commerce, Tayyaba Batool, explained the diversification of exports of new products and new market scheme. She provided the details of the new products and the new markets in which Pakistan should export its products.

Earlier, the RCCI senior vice-president gave a brief summary of the chamber's past, current and upcoming events and activities.

“The mega project is being termed a game changer for the economy of Pakistan. However, the true potential of the mega project should be utilized.”

He said due to the importance of CPEC the business community across the country needed to be engaged in the project.

Rawalpindi is one of the major cities lying in the northern part of CPEC and that is why there exists a huge potential for boosting trade and other business activities in the region, he added.

<http://www.dawn.com/news/1274192>

BALUCHISTAN CM VIEWS CPEC AS GAME CHANGER

The Express Tribune, May 6th, 2016.

ISLAMABAD: The government and the people of Balochistan are fully endorsing projects under the China-Pakistan Economic Corridor (CPEC), stated Balochistan Chief Minister Sanaulah Zehri on Thursday.

While giving a briefing to the parliamentary committee on CPEC, which met at the Parliament House under the chairmanship of Senator Mushahid Hussain Syed, he said the people of Balochistan were fully supporting the CPEC and viewed it as a game changer; not just for the province but for Pakistan as a whole.

The Balochistan CM was especially invited to present the perspective of the province along with a detailed overview of CPEC-related projects, with particular reference to his recent visit to China.

The meeting reviewed the CPEC projects and was also briefed by Chinese Acting Ambassador Zhao Lijian.

Also present, Minister for Planning, Development and Reform Ahsan Iqbal briefed the committee about his recent visit to China where he said issues pertaining to the construction of Gwadar airport and the East Bay Expressway in Gwadar were resolved through mutual consultation with the Chinese side.

He said both projects would begin construction within the next three months. “A new Smart Port City Master Plan for Gwadar is also under preparation in cooperation with Chinese experts,” he said.

Moreover, Iqbal also announced that two universities on the CPEC western corridor; one in Gwadar and the other in Zhob would start functioning by September 2016.

He also said that eco-friendly development projects for Gilgit-Baltistan have also been approved under the CPEC.

Senator Mushahid Hussain appreciated the role of the Balochistan CM for his effective support and said the CPEC was above any person, party, province or government since it was a national and strategic project spread over a span of 15 years. “Given Pakistan's pivotal role and the special relations of Pakistan and China, the CPEC has the potential to change the destiny of the people,” he said.

On the invitation of the Chinese government, the parliamentary committee on CPEC will undertake a trip to China during May 20-27, 2016 with visits to Beijing, Shanghai and Suzhou industrial park.

<http://tribune.com.pk/story/1098078/parliamentary-committee-meeting-balochistan-cm-views-cpec-as-game-changer>

NEWS COVERAGE PERIOD FROM JULY 18TH TO JULY 24TH 2016

PML-N UNWILLING TO SHARE CPEC CONTROL?

Dawn, July 18th, 2016

Khawar Ghumman

ISLAMABAD: With the controversy surrounding Panamagate and Prime Minister Nawaz Sharif's extended stay in London following heart surgery dominating headlines, progress on the China-Pakistan Economic Corridor (CPEC) seems to have taken a backseat.

The project seems to have become another source of tension between the civilian and military leaderships, and security sources tell Dawn that, as of late, the Chinese have been suggesting that the government formally rope in the army to ensure smooth execution of the project.

A security official privy to the development said the Chinese were "unhappy with the overall management of the project, particularly the involvement of various ministries", which were causing unnecessary delays. They envisioned the creation of a separate ministry or authority to deal exclusively with the CPEC.

Asked if the military leadership was also interested in assuming a formal role in the implementation and monitoring of the project, the official said the corridor was crucial to the country's economic and strategic interests. "Therefore, we are ready for any role that will help make it a success."

Sun Weidong, Chinese Ambassador to Pakistan, called on Chief of Army Staff General Raheel Sharif on June 7. An official statement released after the meeting stated: "Matters of mutual interest, including regional security and China-Pakistan Economic Corridor, came under discussion."

Sources say that over the past few weeks, the Chinese have repeatedly tried to prevail upon both the civilian and military leaderships in this regard.

The army has already created a special division to provide security cover to CPEC-related projects.

On June 23, President Mamnoon Hussain held a meeting with his Chinese counterpart Xi Jinping on the sidelines of the Head of State Council Summit of the Shanghai Cooperation Organisation (SCO) in Tashkent, Uzbekistan. After the meeting, President Hussain was quoted as saying: "Pakistan is committed to the timely realisation of all projects under CPEC."

Last Thursday, Interior Minister Chaudhry Nisar Ali Khan met visiting Chinese Minister for State Security Geng Huichang. During the meeting, the two agreed that top priority would be given to the security and timely implementation of CPEC.

The project is currently being overseen by a special section set up at the Prime Minister Office — with Ahsan Iqbal's Ministry of Planning and Development serving as the focal ministry.

The idea of creating a separate 'CPEC Development Authority' — which will provide all stakeholders, including provincial governments and the army, a formal forum to give their input — has been doing the rounds for quite some time now.

In addition, a Senate committee has suggested that pending the creation of a new authority to oversee the affairs of the corridor, control of the project be handed over to the Council of Common Interests (CCI) — which oversees matters involving the provinces.

China openly expressed its concern over the lack of consensus on the CPEC across the political spectrum when its embassy in Islamabad issued a statement in January this year. It urged political leaders to "address their differences in order to create favourable conditions" for the completion of the project.

A spokesman for the Chinese embassy had expressed the hope that “relevant parties should strengthen their communication and coordination on the matter”.

Talking to Dawn, Ahsan Iqbal said he was unaware of any such development and insisted: “The Chinese are very happy with the arrangement we have in place for CPEC.”

But a government official privy to discussions with the Chinese said the proposal to rope in the army had been on Prime Minister Nawaz Sharif’s table for some time now.

“It seems the PM is not happy with the idea, but let’s see how he responds to the latest Chinese assertion. Personally, I think giving the army ownership of CPEC will only help ensure its trouble-free implementation. The military establishment has the manpower and technical expertise required,” the official, who didn’t want to be quoted on record, told Dawn.

He said the ruling PML-N wanted to tout the CPEC as one of its major achievements during its campaign for the next general election and would like to keep it firmly within its control.

However, the PML-N leadership has so far parried this suggestion, believing that such a move will force them to share control over the corridor with others.

<http://www.dawn.com/news/1271483>

IUCN CALLS FOR ENVIRONMENTAL CONSULTATION ON CPEC

Dawn, July 19th, 2016

Faiza Ilyas

KARACHI: The International Union for Conservation of Nature (IUCN) chapters in Pakistan and China have proposed to the two governments to take care of environmental concerns in the development of the China-Pakistan Economic Corridor (CPEC) and hold consultations with the stakeholders in this regard.

IUCN country representative Mahmood Akhtar Cheema stated this on Monday on the sidelines of a programme held at the organisation’s office to welcome the chairperson of the IUCN Commission on Ecosystem Management in Karachi.

Sharing how the organisation is facilitating the governments of China and Pakistan over the CPEC development, Mr Cheema said that the organisation had contacted both governments and suggested consultations, with the aim to include stakeholders such as representatives of civil society.

“The CPEC passes through several protected areas and what we are suggesting is not just ways to secure these areas, but also to identify and declare more parts of land as protected which are of ecological significance,” he explained.

The ambitious project included a number of schemes, for instance, construction of various industrial zones, roads and railway links, power plants, and a port in Gwadar; it is important to take care of environmental concerns in order to have sustainable development, he added.

To a question, Mr Cheema said the IUCN intervention would be based on case-to-case basis and opportunities for ‘green jobs’ needed to be explored.

Recently, he pointed out, the IUCN-Pakistan representatives attended an eco-forum in China along with Pakistan climate change officials where environmental concerns regarding the CPEC were also discussed.

The organisation planned to hold a stakeholder consultation over the project by the end of the year.

Meetings with Pakistani officials were also held in Islamabad and the government was in the process of developing a better understanding of the project, he said.

Earlier at the programme, chairman of the IUCN commission, Dr Piet Wit shared details of the work being done by the body over the last four years.

He said that the commission worked on specific ecosystems, such as wetlands, mountains, and fisheries, and deep-sea mining and it had over 20 thematic groups. Some newer thematic groups included arctic ecosystems, nanotechnology and aquaculture.

He encouraged the commission members to come forward with new thematic areas to focus on.

Responding to a question, Dr Piet said that the commission maintained a Red List of Ecosystems which was compiled using the same scientific process as that of the IUCN Red List of Species.

He also spoke about the importance of inclusive thinking where conservation work was concerned and said this approach had led to the IUCN's increased role in disaster-risk reduction.

The meeting ended with a vote of thanks and attended by IUCN staff and commission members, among others.

<http://www.dawn.com/news/1271688>

CPEC AND BALOCHISTAN

Business Recorder, July 19, 2016

Balochistan has long complained of deprivation of its rights as a federating unit and its people of deprivation of their rights as citizens. Nothing has served better in recent days to remind us of that fact and focus minds on these continuing complaints than the controversies surrounding the China Pakistan Economic Corridor (CPEC).

To highlight these controversies, the Balochistan National Party organised a seminar in Islamabad on July 12 entitled "CPEC: Development or Exploitation?" A panoply of speakers delineated the contours of the project from different angles, with the theme of Balochistan's deprivation in the past and apprehensions about a similar outcome of the CPEC dominating the discourse. The speakers were chosen from a wide array, including journalists, academics, lawyers and experts in their respective fields.

While most speakers dwelt at greater or lesser length on the legacy of the unjust treatment of the province and its people, some common themes resonated throughout the presentations. First and foremost amongst these themes was the history of injustice reflected in Balochistan's place in the federation and in its people being abandoned to poverty and a barely subsistence existence.

The die of a strained Baloch relationship with the newly created state of Pakistan was already cast on the eve of Independence by the Kalat State's claim that it enjoyed the status of a Treaty State with the British Crown and therefore had the right to self-determination when Britain withdrew from the subcontinent.

The Kalat State represented a tribal confederacy of the people inhabiting the area. Kalat's argument was that after advancing British colonialism fought a series of wars with the Baloch during the 19th century in an effort to carve out an alternative strategic route to Afghanistan, where the British Empire was in contention with the Czarist Russian Empire, they opted for signing treaties with Kalat that brought an end to those wars.

These treaties conceded a strategic corridor to the British running from Shikarpur, through the famed Bolan Pass to Kandahar. The Shal Valley provided the British with an ideal location for a cantonment close to the Afghanistan border, which grew over time into the city of Quetta. In return the British agreed to respect the internal autonomy of

the Kalat State and its confederating Baloch tribes, provide funding for a Levies force recruited from the tribes and charged with keeping the peace within the tribal areas, and sweeteners in the form of purses for some of the tribal chieftains.

This arrangement, in which the British did not interfere in the internal affairs of the tribes in return for unimpeded access to Afghanistan, evolved into what later came to be called the Sandeman system after a British officer whose name still adorns a town in the province (Fort Sandeman). This system Pakistan inherited at independence.

Ironically, before independence Kalat engaged one of the most accomplished constitutional lawyers of the day, one Mohammad Ali Jinnah, to argue its case before the British Crown, up to and including the high forum of the Privy Council. Ironic because it was Quaid-e-Azam Mohammad Ali Jinnah who as the first Governor General of the newly created independent state of Pakistan, presided over, according to a non-official narrative, the forcible accession of the Kalat State to Pakistan.

This event needs to be located in the context of the tensions and pressures accompanying independence, particularly the disputes that arose between the two successor states of Pakistan and India. Nevertheless, this development coloured the subsequent trajectory of the relationship between Balochistan and the Centre.

Seventy years later, in the midst of the fourth nationalist insurgency in Balochistan since Pakistan came into being, it is worth considering why the restive Baloch have felt compelled to take up arms again and again in defence of their rights, dignity and self-respect. The litany of grievances is by now familiar to informed observers.

The seething resentment over the events surrounding the 1948 accession was added to in subsequent years by the perception that the postcolonial state of Pakistan was practising what could only be described as internal colonialism.

The fears and apprehensions of the ruling post-independence elite and the overdeveloped state institutions such as the military and bureaucracy vis-à-vis the threat from India fed into a siege mentality that transmogrified over time into the mindset of a national security state. Such a state argued for a strong Centre to meet the challenges from a larger neighbour, if necessary at the expense of the weaker federating units.

Thus East Pakistan, Sindh, Khyber Pakhtunkhwa (then called the NWFP) felt the state's priorities tilting towards the pre-eminence of Punjab, from which the military and bureaucracy were overwhelmingly drawn. The One Unit adventure was an attempt to nullify the numerical majority of East Pakistan by abolishing the provinces of West Pakistan, merging them into One Unit in the western wing and constructing a 'parity' of representation thereby with East Pakistan.

In the early 1950s, gas was discovered in Sui in the Bugti tribal area. Although this natural resource fuelled the industrialisation and modernisation of commercial and domestic life throughout the country, the deprivation of Balochistan by not supplying the province of origin with its own gas, added to by little or no financial benefit to the province or its people, ignoring the local denizens in employment etc, set the tone for similar practices and their concomitant complaints and discontents where the natural mineral resources of the province, including gas (and potentially oil), copper and other minerals were concerned. The Saindak and still to be developed Reko Diq copper and gold projects exhibit all these characteristics of the Centre rather than the people of Balochistan being the beneficiaries. These experiences inform the sentiment of the people of Balochistan vis-à-vis the CPEC.

As reflected in the speeches at the seminar alluded to above, the Baloch as well as right thinking people throughout Pakistan critique the CPEC as non-transparent, oriented more towards the development of the already developed provinces (the Eastern route) rather than being seen as an opportunity for breakthrough development and modernisation of the underdeveloped provinces (the Western route), excluding local people in the employment opportunities presented by the CPEC and the development of the Gwadar Port, and altering irreversibly the demography of a large but sparsely populated province against the interests of the Baloch.

These sentiments feed into support, overt or covert, for the nationalist insurgency once again simmering in the province. The powers-that-be suffer from both a lack of imagination as well as practising Einstein's definition of insanity: doing the same thing over and over again and expecting different results. Given that insurgency has gripped every generation of the Baloch over the last 70 years, perhaps the time has come to revisit the assumptions on which the security forces are operating once again in Balochistan.

The allegation that the insurgency is purely India-driven and financed is oversimplification to the point of absurdity. This is a charge that has been used to castigate every previous insurgency in the province as well. Although no proof is available for the charge, even if for the sake of argument it is accepted, is it not axiomatic that the foreign hand can only fish in troubled waters? If your house is in fire, outsiders can take advantage of the conflagration. The contrary argument should be obvious.

What is needed is a political approach to the Balochistan problem, rather than a reliance once again on driving the people of the province into paradise at the point of a bayonet. Separatism may not be acceptable to the state, but short of that many of the long standing and new grievances of the Baloch are arguably capable of being addressed within the ambit of the constitution and law.

The benefit: peace within and along the CPEC route/s, which even the special security force being mooted to protect the CPEC may not be able to guarantee. To take maximum advantage of the CPEC, Pakistan needs peace within, especially in Balochistan, and peace without (meaning an end to proxy wars against neighbours). Is there the vision available for such a potentially shining future? rashed.rahman1@gmail.com

<http://www.brecorder.com/articles-a-letters/187/66796/>

GWADAR PORT TO BECOME FULLY OPERATIONAL BY 2030, NA COMMITTEE TOLD

Dawn, July 20th, 2016

Syed Irfan Raza

ISLAMABAD: The National Assembly's Standing Committee on Planning, Development and Reforms was informed here on Tuesday that the Gwadar port would become fully operational by 2030.

The committee which met under the chairmanship of Abdul Majeed Khan Khanan Khail discussed the China-Pakistan Economic Corridor (CPEC) and Public Sector Development Programme (PSDP) projects initiated for the development of Gwadar.

The operational control of the port has been handed over to China for 40 years. After becoming fully operational it would create more than one million jobs.

The committee was informed that the decision to give the Gwadar port to China was taken during the tenure of former president retired Gen Pervez Musharraf in 2007.

Talking to Dawn after the meeting, member of the committee Sheikh Salahuddin said that according to the committee's calculation the Gwadar port had been under the control of China for over 12 years and development work at the port was started soon after its control was handed over to China.

He said issues like power supply to Gwadar, water facility, Gwadar Airport, roads infrastructure, housing schemes and railway system in Gwadar were also discussed at the meeting.

The MNA said the committee was informed that the government had allocated funds for different development projects under the PSDP 2016-17.

The meeting was informed that non provision of electricity to the Gwadar port was hitting the \$46 billion CPEC project.

The meeting observed that Water and Power Development Authority (Wapda) and the Gwadar Port Authority (GPA) were not doing well to meet development task of Gwadar.

The Ministry of Water & Power has claimed that an agreement has been signed with an Iranian company to provide an additional 100MW of electricity to Gwadar by the end of 2017. Furthermore, a new site has been allotted and payment has been made to the deputy commissioner of Gwadar for the construction of the 132KV (AIS) grid station at the deep sea Gwadar Port and an associated 132KV D/C transmission line.

However, officials of the GPA were of the view that the Gwadar port would not receive even a single electricity unit from whatever electricity would be obtained from Iran.

The Gwadar international airport is reportedly being constructed at a cost of \$260 million, which was a full grant from the Chinese government. The airport would be capable of handling the largest of passenger planes, including A380 Boeing Jet.

The GPA officials said that the water problem of Gwadar was being solved with the construction of Sawad dam from where water would be provided to Gwadar through an 83km-long pipeline.

The issue of housing schemes in Gwadar was thoroughly discussed at the meeting and the committee recommended that the government of Balochistan should not issue the NoC (no objection certificate) to housing schemes.

The additional secretary of planning, development and reforms informed the committee that the Pakistan Institute of Development Economics (PIDE) Amendment Bill, 2010, would be vetted and finalised within 20 days by the Ministry of Law & Justice.

<http://www.dawn.com/news/1271962>

ROAD TO CPEC

Dawn, July 20th, 2016

THE China-Pakistan Economic Corridor is a double lifeline for the country. The purported \$46bn of investment will not only dramatically increase north-south connectivity, but could also jump-start overall economic activity and end chronic electricity shortages in the country.

It is in conceptual scale and real-world size a vast project that has the potential to change the future of millions of Pakistanis. But between now and 2030, the future will be necessarily shaped by the quality of leadership that Pakistan is able to provide on CPEC.

A report in this newspaper on Monday has suggested that the political leadership is failing to provide the kind of cross-government coordination and efficiency that the Chinese government is seeking and that the military leadership is urging.

To try and resolve the problems with execution and project management, a so-called CPEC Development Agency has been mooted to take over responsibility for CPEC projects from the special cell currently operating from the Prime Minister's Office with the assistance of the Ministry of Planning, Development and Reform.

Unsurprisingly, the PML-N denies that there is a problem and argues that not only is the political government capable of overseeing CPEC but that it is doing a commendable job.

To be sure, some of the criticism directed at the government appears to be a thinly veiled attempt to transfer further control of national policy to the military.

It is also unlikely that the leadership of China, which has stressed from the outset that it does not want CPEC to be dragged into national controversies here, would suggest a scheme that could exacerbate civil-military tensions inside Pakistan.

However, there are two realities that ought to be considered here. First, the reality of the security situation in Pakistan and the national scope of CPEC, means that the military will have an important role to play in providing security to the projects and the personnel, foreign and local, involved in executing them.

It is one thing for the PML-N government to claim that it is coordinating across government agencies and institutions and quite another to demonstrate that through sustained action. Thus far, it does appear that, at least as far as security is concerned, parallel set-ups appear to be in operation.

Second, the PML-N seems unwilling to accept that the criticism of its handling of CPEC goes well beyond partisan attacks or narrow institutional interests.

No amount of briefings or press releases or TV appearances by ministers have been able to dispel the impression that the PML-N is not being transparent about its true plans for CPEC and that the PML-N is not committed to ensuring all provinces have a stake in CPEC that is commensurate with the needs of their respective populations.

Inevitably, a government in denial ends up eating into the goodwill it may have with the public, and with political and other institutions. The PML-N needs to do better.

<http://www.dawn.com/news/1271885>

FIVE CPEC PROJECTS FACE THE AXE

The Express Tribune, July 20th, 2016.

Shahbaz Rana

ISLAMABAD: Five energy projects of the China-Pakistan Economic Corridor (CPEC), worth around \$7 billion, are at risk of being axed owing to slow pace of their development.

The water and power ministry has directed sponsors of these projects to complete them by the December 2018 deadline or face ejection from the multibillion-dollar project, say documents and officials of ministries of planning and development and water and power.

One project relates to mining coal in Thar while the remaining are power plants which are listed to generate 4,620 megawatts of power. Four of these projects fall under the 'priority' schemes category and have to be completed by December 2018 as per the understanding with Chinese authorities.

If the government finally decides to drop these schemes from CPEC, Sindh's share in the mega project will fall from \$11.3 billion to roughly \$6.7 billion. Balochistan's share in CPEC projects will fall to around \$7 billion.

Among the projects facing the axe are four Sindh-based schemes, including the Engro surface mine in Block-II of Thar Coal with a capacity of 3.8 million metric tonnes per annum, the 1,320MW Engro Thar coal-fired power plant, the 1,320MW Sino-Sindh Resource Limited Power Plant in Thar Coal Block-I, and the 1,320MW Thar Mine Mouth Oracle coal-fired power plant.

The Balochistan-based project includes the 660MW HUBCO coal-fired coastal power plant.

The warnings is a means for the government to pressure sponsors into adhering to the agreed timelines for these schemes, explained Ahsan Iqbal, the minister for planning and development, while talking to The Express Tribune.

Iqbal, however, stated that these projects are at various stages of implementation adding that he hopes that Engro's 1,320MW project will be completed by December 2018 while the HUBCO project will be commissioned by 2019.

The commissioning date of 3.8mt mining at Thar Block-II project is set for June 2019 but the water and power ministry has asked Sindh Engro Coal Mining Company to bring it forward to December 2018 or "it will be at risk of deletion from the CPEC". Similarly, the 1,320MW Engro Thar power plant is expected to be commissioned by June 2019 but the water and power ministry wants it to become operational by December 2018.

The water and power ministry has asked sponsors of the 1,320MW Sino-Sindh Power Plant, which has run into operational issues, to start construction of the project or face demotion from the list of priority schemes to the list of actively promoted CPEC projects or even deletion from the corridor altogether.

The Hubco project, which was earlier promoted to a priority status, is again at risk of demotion to the second phase of the CPEC, which are set for completion by 2022. The project's sponsors are currently negotiating with financial institutions on loan term sheets but the ministry has asked them to start construction work from equity to meet the December 2018 commissioning date.

Sponsors of the 1,320MW Oracle power plants, which is on the list of actively promoted projects, has yet to sort out issues with equity arrangement, determination of coal tariffs, risk coverage guarantee structure and term sheets. The ministry has directed them to resolve all issues as soon as possible to avoid deletion from CPEC.

The CPEC projects are entitled to special treatment such as reduced taxes while power generation schemes are protected from the adverse impacts of circular debt.

<http://tribune.com.pk/story/1145535/five-cpec-projects-face-axe/>

CHINA SATISFIED WITH SMOOTH IMPLEMENTATION OF CPEC: ENVOY

ISLAMABAD: Chinese Ambassador in Pakistan Sun Weidong on Thursday quashed the rumours of discontent on part of the Chinese government about the multi-billion dollar China-Pakistan Economic Corridor (CPEC), saying that China was "satisfied with the smooth implementation on the corridor".

"China is satisfied with the pace of implementation of the CPEC project. CPEC is under smooth implementation, and will deliver mutual benefits to both countries and peoples of the whole region," said the ambassador while talking to journalists here.

The statement was crucial in the wake of a local media report which claimed that the CPEC had been put on the backburner by the PML-N government with the ailment of Prime Minister Nawaz Sharif and accusations against his family in the Panama Papers.

<http://epaper.brecorder.com/2016/07/22/1-page/778363-news.html>

NEWS COVERAGE PERIOD FROM JULY 11TH TO JULY 17TH 2016

CPEC POWER PROJECT FACES DELAY AS LAND DISPUTE DRAGS ON

The Express Tribune, July 12th, 2016.

Islamabad: The completion of 870-megawatt Suki Kinari hydroelectric power project, which is part of the China-Pakistan Economic Corridor, may be delayed for at least one year as the Khyber-Pakhtunkhwa (K-P) government has so far failed to resolve the land acquisition issue.

The \$1.8 billion project, being constructed by China Gezhoube Group in Mansehra district of K-P, was originally planned to be completed by 2020, said officials of the Planning Commission. Federal Minister for Planning and Development Ahsan Iqbal on Monday decided to seek the help of a K-P parliamentary committee to resolve the dispute over land acquisition, they said.

Iqbal chaired a meeting to review the progress on CPEC projects ahead of upcoming China-Pakistan Joint Working Group meetings of the Transport Infrastructure Group, Energy Group and Gwadar Group. The meetings will take place between the last week of current month and the first week of August.

The 870MW project was planned in 1960 and German, Canadian and United Kingdom companies carried out feasibility studies. Later on, the government decided to make it part of the CPEC. However, for the last over one year, the K-P government has been unable to resolve the dispute over land acquisition.

The officials said the local population was demanding a price of land that was far more than the price the authorities included in the overall cost of \$1.8 billion of the project.

One of the participants of the meeting also complained that the K-P parliamentary committee was not playing an effective role. He said the committee was instead creating hurdles.

“Provincial governments should play a proactive role in attracting foreign investment as this is ... necessary for the economic growth and development of federating units,” an official statement quoted Iqbal as saying.

Under the China’s One-Belt One-Road initiative, both the countries signed \$46-billion CPEC agreements in April last year to connect western China with Gwadar Port.

The Chinese working on a road project of the CPEC also complained about the lack of requisite security. However, the government assured Chinese authorities that the needed security would be provided to protect the lives of those who were working on these projects.

Iqbal stressed that he would personally take up the issue with Interior Minister Chaudhry Nisar Ali Khan.

The Ministry of Water and Power told the meeting participants that work on the Port Qasim power plant, Thar power plant, Hubco coal project, Sahiwal power plant and other hydroelectric power projects was on track and these would be completed according to the schedule.

The planning minister urged the ministry to fast track work on these projects aimed at ending load-shedding by early 2018.

The government is betting on CPEC projects to end power outages ahead of next general elections, which is critical for the ruling party to win over support of the people.

Iqbal said the CPEC was the top priority of the government and early harvest projects under the economic corridor would be completed expeditiously. He directed that the western passage may be developed with full thrust and updates be given in each fortnightly meeting.

He expressed his satisfaction over the progress on ongoing CPEC projects and urged the need for finalising the long-term plan of CPEC at the earliest. He said focus should be on Gwadar projects and ground-breaking of some of them should be performed next month. He also underlined the need for fast tracking work on Gwadar International Airport and Gwadar seaport projects.

He said the momentum in construction work on the CPEC projects should be maintained to ensure their completion in the stipulated timeframe.

<http://tribune.com.pk/story/1139715/economic-corridor-power-project-faces-delay-land-dispute-drags/>

MAJOR CPEC POWER PROJECT DELAYED

The Express Tribune, July 13th, 2016.

The China-Pakistan Economic Corridor (CPEC) may very well be a landmark project, but it will face the recurring issues that have plagued the country in all its years of stalled development, poor infrastructure and lost investment. In the latest development, completion of the 870-megawatt Suki Kinari hydroelectric power project, part of CPEC and valued at \$1.8 billion, may be delayed by at least one year as the K-P government has so far failed to resolve the land acquisition issue.

This is not an ordinary project, evident from its capacity and worth, but it faces the same issue that so many others have. One would be surprised, but land disputes have cost the country several projects already and unsuspecting investors have fallen in the trap every time.

There is no doubt that the stake this time is higher and this project is unlikely to face the kind of hurdles most face in the country's private sector. If for nothing, keeping CPEC's reputation intact will, almost magically, remove all bottlenecks that exist out of the country's corrupt governance. But the issue itself highlights the flaws within the core of Pakistan's business climate.

The Pakistan Railways, too, has faced the same kind of issue. It follows years of how governments have functioned and how work is taken forward — without long-term planning and with a careless, nonchalant attitude. The government has promised to end power cuts by the end of its tenure, making it one of the most important conditions if it wishes to get re-elected, and projects such as this will take it ever so close to its ultimate goal.

The K-P government, which is clearly at loggerheads with the centre, could potentially drag the issue longer. The dispute personifies how Pakistan has suffered — due to political differences and years of corruption and inefficiency. But since CPEC is the country's largest investment project and needs stakeholders to be on the same page, one hopes that differences are put aside.

<http://tribune.com.pk/story/1140408/major-cpec-power-project-delayed/>

'CPEC TO BRING PROSPERITY IN BALOCHISTAN'

The Express Tribune, July 13th, 2016.

ISLAMABAD: The completion of China-Pakistan Economic Corridor (CPEC) will enhance economic and industrial activities in Gwadar and usher in a new era of development and prosperity in the Balochistan province, said Minister of State for Petroleum and Natural Resources, Jam Kamal Khan.

“This project would also positively contribute towards national security and solidarity.”

He said a special security division of the Pak Army has been devised for the security of Chinese experts working at CPEC projects.

Khan said the Hub bypass road would be constructed at a cost of Rs13.5 billion from Prime Minister Nawaz Sharif's special fund to connect Karachi with Balochistan.

He said that after completion of CPEC, Gwadar seaport would serve as a gateway in the region. CPEC would not only reduce unemployment and poverty but also become a source of economic stability and mutual social benefits, Khan added.

<http://tribune.com.pk/story/1140213/development-cpec-bring-prosperity-balochistan/>

NEW CPEC PROJECTS TO BE LAUNCHED

The Express Tribune, July 13th, 2016.

ISLAMABAD: Five new projects, in addition to 30 infrastructure and energy projects, being completed by the Chinese companies in Pakistan, would be launched under the China-Pakistan Economic Corridor (CPEC) framework this year, said Deputy Chief of Mission at Chinese Embassy in Islamabad Zhao Lijian.

“Eight coal, solar, wind and hydro-power energy projects are also under construction to meet the energy requirement of the country,” he said.

Chinese companies are also implementing two mega projects including Thakot-Havelian section of Karakoram Highway (KKH) and Sukkur-Multan section of the Lahore-Karachi motorway at a cost of \$3 billion, said Zhao.

The official said that prior to the signing of CPEC, China was at number 16 in terms of Foreign Direct Investment (FDI) in Pakistan. However, now it is the largest investor in Pakistan.

Separately, Pakistan is working on a plan to lay an oil pipeline from Gwadar to China for the export of crude and has given the task to state construction firm Frontier Works Organisation, say officials who are aware of the development.

The pipeline will run from Gwadar Port to western China and will allow Beijing to diversify and speed up import of crude oil. Prime Minister Nawaz Sharif had floated the idea of constructing the oil pipeline during a visit to China.

<http://tribune.com.pk/story/1140512/cpec-new-projects-launched/>

‘CPEC WILL BE EXPLOITATIVE IF ALL PROVINCES DO NOT BENEFIT EQUALLY’

Dawn, July 13th, 2016

Shah Meer

ISLAMABAD: Balochistan National Party (BNP) chief Akhtar Mengal has called the China-Pakistan Economic Corridor (CPEC) exploitative if it does not equally benefit all the provinces, particularly Balochistan, which is the epicentre of the project.

Mr Mengal was speaking at a seminar convened by the BNP in Islamabad, called ‘CPEC: Development or Exploitation?’.

Recalling past experiences and discriminatory policies enacted by the federal government, he said he feared that CPEC would not be a developmental project.

“In 1953 gas began to be produced in Sui, Dera Bugti, Balochistan, and it was sent to far off cities in 1963. But Dera Bugti has never controlled the facility. How can I believe that CPEC will be beneficial to [Balochistan]?”

He went on: “Through the Saindak Project, copper and gold are produced in Balochistan. However, China gets 60pc of the revenue, 38pc goes to the federal government, and only 2pc comes back to Balochistan... We want development. We support it. But not at the cost of exploitation.”

Human Rights Commission of Pakistan (HRCP) general secretary I.A. Rehman said CPEC is a golden opportunity to end Balochistan’s deprivation, by giving the province an equal share in the project and making it part of the decision making machinery.

He said ownership of Gwadar should be given to locals, and CPEC, which is an economic project, must not be turned into an ideological one. He said fishermen in Gwadar are being mistreated and must be given their due rights. He said locals should have control over the project.

Asma Jahangir, the former president of the Supreme Court Bar, also spoke at the seminar.

“Looting Balochistan and spending it in Lahore is not development at all. But when we question the nature of development, we are labelled traitors,” she said.

She added: “Gwadar is a show case. But there are ‘no-go’ areas in Balochistan. Development should not take the lands of fishermen and construct buildings. I can’t call it a development while suppressing locals.”

South Asian Strategic Stability Institute (SASSI) head Maria Sultan said: “Gwadar is not only an economical point. It also has its very strategic importance. 70pc of world trade is will be through this port, but, despite this strategic location, Gwadar is not recognized as a global reference point. We need to be a part of the global trade. We must not make Gwadar only a connectivity point, but also a manufacturing base.”

Television anchor Hamid Mir said: “Balochistan must be given media coverage. There are many issues in Balochistan of which people are unaware.”

Former Daily Times editor Rashid Rehman said: “There is a national insurgency is ongoing in Balochistan. Through suppression, peace cannot be maintained. The issue of Balochistan is a political issue. It should be resolved politically. Only after that can true development be possible.”

Salim Saifi, a television anchor, said CPEC was a game changing economic project that has been turned into a political victory because it scored points for the PML-N government. He said it was made controversial by the prime minister, by Planning Minister Ahsan Iqbal and by Senator Mushahid Hussain because they concealed information. He said transparency in CPEC was imperative.

The seminar was wrapped up by Senator Jahanzaib Jamaldini, who said: “We are fed up with deprivation. We want development but not at the cost of turning our province into a minority. We demand legislation over CPEC. Power should be given to provinces. Technical institutions must be created. Fishermen should not be thrown out of Gwadar unless they are given another place and they are taken on board.”

<http://www.dawn.com/news/1270478>

RS 180 BILLION SPENT ON CPEC PROJECTS

July 16, 2016

Naveed Butt

The total estimated cost of 38 on-going projects under the China-Pakistan Economic Corridor (CPEC) is Rs 1.43 trillion, including a Rs 282.32 billion foreign assistance while a total of Rs 179.85 billion has been spent till June 30, 2016.

According to documents which were presented in a meeting of Senate Standing Committee on Planning, Development and Reforms which met with Senator Colonel Syed Tahir Hussain Mashhadi (retd) in the chair at Parliament House on Friday, the federal government has budgeted Rs 129.858 billion for 38 projects in the current fiscal year.

Ministry of Planning, Development and Reforms briefed the Committee on the progress of on-going projects of CPEC and amounts allocated in the Budget 2016-17 for such projects under the Public Sector Development Plan (PSDP). The Committee was also briefed about the latest position of CASA-1000 project and Rs 1.15 billion allocated to Mansehra, the constituency of Captain Mohammad Safdar (retd), the son-in-law of the Prime Minister.

According to documents, the government has budgeted Rs 500 million for financial year 2016-17 for development and construction of Gwadar Port-allied infrastructure at Mullahband area. The objective of this project is construction and

development of Port allied buildings and other infrastructure inside the Port area like bank branches, stevedores' offices, agency offices, customs clearing agents', container freight stations, container repair/ testing yard, cold sheds marine storage, cargo storage, repair workshop, seamen center, rest house/canteen/utility store, etc.

Construction of East-Bay Expressway Gwadar Port project will be completed at a cost of Rs 13.54 billion with a Foreign Exchange Component through a government of China concessional loan while budgeted allocation for financial year 2016-17 is Rs 4700 million.

It is a 19-Km 6-lane expressway with 2-way railway track. The expected date of completion of project is December 2018. There is also project of technical & vocational institute at Gwadar at an estimated cost Rs 925 million.

The CPEC projects, including the construction of Burhan-Hakla on M-1 DI Khan Motorway, have budgetary allocation of Rs 22 billion, Rs 5 billion allocation for Gwadar-Turbat-Hoshab Section (200 KM) of Gwadar-Ratodo Road (829 KM) M-8, Rs 34 billion allocation for Lahore Abdul Hakeem Section (230 KM) for financial year 2016-17.

The Committee was told that the government has allocated one percent of total cost of the CPEC projects for security. A total of 9000 troops are being appointed permanently while 6000 temporary civilian security personnel are being appointed for the security projects of CEPC.

Senator Usman Kakar said there is a free of cost public land from Zhob to Quetta and from Quetta to Khuzdar for railway track for western route of CPEC project but the government is not giving priority to it.

Director General Planning at Ministry of Railways Syed Mazhar Ali Shah told the Committee that this railway project has been included in the CPEC and a feasibility study is being conducted. However, he said that this project is not financially viable but the government would also complete it in mid- and long-term.

Discussing the projects of Rs 1.15 billion in the constituency of Captain Safdar, the Committee members asked why the government is giving a huge amount to his constituency.

Ministry of Planning Adviser Asif Sheikh told the Committee that five of the six district Mansehra projects had been approved. He said the projects include construction of an airport in Manserha at a cost of Rs 950 million, completion of leftover work at Hazara University of Rs 100 million, construction of road of Rs 15 million and other projects related to construction of small dams and water supply schemes.

While discussing CASA-1000, the Committee was told that ground breaking ceremony of this project was held in Dushanbe, Tajikistan on May 12, 2016. All countries and financing institutions had renewed their commitment to the project.

<http://www.brecorder.com/top-stories/0/65659/>

NEWS COVERAGE PERIOD FROM JULY 3RD TO JULY 10TH 2016

EASTERN ROUTE NOT PART OF ECONOMIC CORRIDOR, CLAIMS NHA CHIEF

Dawn, July 5th, 2016

Syed Irfan Raza

ISLAMABAD: Chairman of the National Highway Authority (NHA) Shahid Ashraf Tarar has given a new twist to the controversy over the eastern and western routes of the \$46 billion China-Pakistan Economic Corridor (CPEC) by claiming that the eastern route is not part of the project.

“The actual corridor comprises the western route whereas the eastern route is aimed at improving the existing north-to-south motorway connectivity,” he said while talking to Dawn.

The claim made by the NHA chief is significant amid strong criticism by opposition parties that the government had given priority to the eastern route of the CPEC and ignored the western route.

Some standing committees of the Senate and National Assembly have also raised concern over the government's attitude towards the western route that starts from Burhan on Peshawar-Islamabad motorway and, after moving through Dera Ismail Khan, Zhob, Quetta, Surab and Hoshab, ends at Gwadar.

"It is a misconception that the route named as eastern route is part of the CPEC. Rather it is the NHA's own project aimed at improving motorway connectivity to share traffic burden of the corridor," Mr Tarar said.

He said some of the missing portions of motorway connectivity would be constructed by the NHA, simultaneously with the western route, in three years.

A recent report of the Senate's Special Standing Committee on the CPEC said the government was giving priority to the eastern route of the corridor while ignoring the western one.

But the NHA chief said most of the western route-related projects would be completed in two years and those on the so-called eastern route in three years.

"We have split construction of a 285km road between Halka, an area near Islamabad, and Dera Ismail Khan into five parts to ensure that the work is completed in two years."

He said Halka-Dera Ismail Khan road was the biggest missing link in the proposed western route, which would be completed by Aug 2018.

He said contracts for three of the five parts of the highway had been awarded to the National Logistic Cell, the Frontier Works Organisation and a joint venture of a Chinese firm, Limak, and a local company, ZKB.

The Senate committee's report said the China-Pakistan Joint Cooperation Committee on the CPEC had excluded the western route from the project. But a document containing minutes of 5th meeting of the committee held on Nov 2015 says: "The two sides have reached consensus on the principle of one corridor with multiple passages for CPEC transport planning, aiming at directly benefiting social-economic development of Pakistan, particularly the western route and north-western regions."

The NHA chief cleared an ambiguity about the cost of the CPEC and Chinese investment in it and said the cost of the project would be borne by the government of Pakistan, local investment on a build-operate-transfer basis, the Chinese government and international donors.

Of the \$46bn, he said, \$35bn would be invested by international power companies and \$11bn would be spent on road projects, including \$4 to \$5bn local investment. The remaining amount will be invested by the Chinese government and international donors.

The local investment will also cover projects like development of Gwadar city, port and airport, a railway line project called ML-I, a road project in Gwadar called East Way Express, etc.

He said the investment of \$11bn had been proposed for short-term or early harvest projects which would be completed in three to five years. The remaining amount will be utilised for medium- and long-term projects which will be completed within five to 10 years and 10 to 15 years.

One of the long-term projects is the widening of 533km two-lane Dera Ismail Khan-Quetta road. Under the project, the road will be turned into a four-lane carriageway. Its feasibility study is being carried out by the National Engineering Services of Pakistan.

The NHA chairman said land was being acquired for the western route-related projects in phases. A study has been carried by his department under which land for the six-lane road and 100m right-of-way will be acquired to meet future requirements.

About the proposed power generation projects and economic zones along the western route of the CPEC, he said once the road was completed, the facilities would be provided at the proposed sites.

It has been learnt that the Board of Investment has prepared a plan for establishment of 38 economic zones along the corridor.

<http://www.dawn.com/news/1269102/eastern-route-not-part-of-economic-corridor-claims-nha-chief>

TIME-TESTED TIES: CHINESE DELEGATION STRESSES IMPORTANCE OF CPEC

The Express Tribune, July 6th, 2016.

A Chinese delegation visiting Islamabad has stressed the importance of implementation of the China-Pakistan Economic Corridor (CPEC).

A delegation of the Communist Party of China (CPC) led by An Yuejun, deputy director-general of the International Department of the party, called on Masood Khan, director-general of the Islamabad-based think-tank, the Institute of Strategic Studies Islamabad (ISSI) here on Tuesday, said a press release.

He was accompanied by Zhao Lijin, deputy chief of mission of the Chinese Embassy.

An Yuejun said that the CPC strongly supports an all-weather and time-tested Pakistan-China friendship.

“Pakistan and China are iron brothers,” he said.

The party, over the years, has maintained relations and dialogue with all the political parties of Pakistan.

Yuejun emphasised the importance of the implementation of the China-Pakistan Economic Corridor (CPEC), especially the completion of Gwadar Port, and the energy and infrastructure projects.

He underlined that the CPEC was an important component of the One Belt-One Road (OBOR) initiative.

Yuejun welcomed Pakistan’s entry into the Shanghai Cooperation Organisation (SCO) and underlined that the CPC would continue to work for peace, security, stability and prosperity in the region, as it celebrates its 95th anniversary.

Khan who had served as Pakistan’s ambassador to China, emphasised that Pakistan government, all state institutions, political parties and forces, supported strong ties with China, a trusted friend and an ally.

He thanked China for its consistent support to Pakistan for its entry in the SCO, and its principled stance on entry of new members into the Nuclear Suppliers Group (NSG).

“Pakistan is beholden to China for its rules-based stand on nuclear non-proliferation. If an objective criterion is applied, Pakistan and India should enter into the NSG simultaneously,” the former ambassador said.

He said that Pakistan would ensure timely implementation and completion of early harvest projects under the CPEC.

In this regard, the federation and provinces would work closely.

“The CPEC has the support of the entire political spectrum of Pakistan,” Khan said, adding that Pakistan would not countenance any attempts by third parties to undermine this mega-project, which is a game changer for Pakistan, China and the region,” Khan said.

Yuejun expressed satisfaction over the general progress in regard to projects under the CPEC.

The Chinese delegation also included KE Hua, vice-president, China Executive Leadership Academy, Ni Hong, director Government of Yunnan Province, Liu Yong, director IDPC and Wang Yumei, third secretary CPC International Department.

<http://tribune.com.pk/story/1137185/time-tested-ties-chinese-delegation-stresses-importance-cpec/>

MAXIMISING BENEFITS OF THE ECONOMIC CORRIDOR

The Express Tribune, July 6th, 2016.

Talat Masood

The China-Pakistan one-belt one-corridor project is by far the most ambitious mega project that Pakistan has undertaken in its 68 years of existence with its closest strategic and economic partner China. It has been described as a game changer and transformational with huge political and economic expectations linked to it.

How far are these realistic and how much is just hype? Is Pakistan as serious as China in executing the project? Despite the broad consensus that exists among all provinces and political parties about the usefulness of the economic corridor, are they coordinating and cooperating with the federal government in its planning and execution? Is the focus of the prime minister and his cabinet still intact or has Nawaz Sharif’s health and the Panama leaks scandal been distracting?

Indeed, it would be a great misfortune if the Pakistani leadership fails to maximise the benefits from this project. From the concept stage to the development of the plan to its execution and then subsequent upkeep and maintenance, Pakistan’s engineers, technicians, workers, contractors, project managers can upgrade their technological and managerial capabilities by closely associating with the Chinese.

We expect the government considers it a great opportunity for learning and acquiring skills and has a monitoring system of ensuring its compliance, otherwise it will be relegated to the status of a turnkey project.

The military has been keen to play a much bigger role in the decision-making and implementation of the CPEC projects, but the government seems possessive and not willing to cede this responsibility. Despite the government’s reluctance, the military’s role has become unavoidable especially in the construction of roads and infrastructural projects in remote areas.

Army engineers have built a road over 800km long in Balochistan. The Chinese, too, would prefer greater involvement of the military for expeditious completion of projects. Clearly, the CPEC’s success would depend largely on high quality management and greater transparency and accountability that General Raheel Sharif, too, has been emphasising.

The military has undertaken the critical role of providing security to Chinese personnel for which a security division of 15,000 personnel has been raised under the command of a major general. In addition, the safety of the infrastructure, especially the railways, gas and oil pipelines and fibre networks have to be secured and for this levies and paramilitary forces are likely to be deployed.

The government is fully aware of the potential for subversive activities by countries that are hostile to the project and which feel that it will alter the regional strategic balance in favour of China and Pakistan. The Kulbhushan Yadav

episode is illustrative of such designs. As the people of all the provinces and especially those in remote parts of Balochistan and Sindh start owning the project, the security aspect would become less challenging.

Currently, the Chinese are engaged in broadening the existing Karakoram Highway (KKH), from the existing 10m width to 30m. This will facilitate the flow of heavy traffic throughout the year, which is expected to increase on the completion of the CPEC.

It will also contribute towards enhancing China's trade and economic activity with Central and West Asia. From the Pakistani perspective, the Gwadar port will be a great asset for Balochistan as it will facilitate and expedite its development. For China, it will be the shortest route to Malacca, the Straits of Hormuz and the Indian Ocean.

Pakistan's primary focus at present is to develop strong links with China and using these for improving the socioeconomic conditions of the broad underprivileged classes. But opportunities exist also to develop additional links to neighbouring countries.

In the past, Iran had offered Pakistan land access to Central Asia and Russia, and in return expected Pakistan to provide access to China through KKH. With India developing Iran's Chabahar port and connecting it with a road network to Afghanistan, this opens up opportunities for countries of the region to complement rather than confront one another.

The Chinese are not very comfortable in giving the project an exaggerated geopolitical perspective and would rather highlight the economic and commercial benefits of it. This is a prudent approach and Pakistan, too, should lay greater emphasis on the socioeconomic aspect and opening up of Balochistan and interior Sindh, the most underdeveloped parts of the country.

Being a national project that involves practically the whole of Pakistan, it should aim at improving the lot of the common person. Similarly, the Chinese government expects the project would contribute towards the sustained development of China.

The involvement of the private sector in the programme by both countries would be highly beneficial. This will give a sense of participation and help in the dissemination of technologies and managerial skills on a broader scale.

As the programme proceeds, efforts should be made to extend cooperation in other sections of the Chinese and Pakistani societies. According to government sources, during the last two years there has been sufficient progress in development of infrastructure and energy projects and this is likely to pick up further momentum.

This should attract investment from China and international investors. For Pakistani businessmen directly or in partnership with Chinese or foreign partners, this presents a unique opportunity to invest in the country.

As the CPEC proceeds, it should improve connectivity and growth that could promote good governance provided Pakistan undertakes institutional reforms and its political leadership wakes up from its slumber.

Unfortunately, the outlook for this is bleak. In the absence of the prime minister, the state has been drifting and now the looming threat of a dharna will be a huge distraction for a beleaguered government.

Even if it is able to sail through the crisis, it will hurt the programme. The Chinese leadership must be watching with dismay the lopsided priorities that our political parties and national leaders pursue.

For Pakistan, the CPEC provides a great opportunity to strengthen its economy, raise its strategic profile, and build capacity to work closely with a rising world power. We need to grasp this moment with all dedication and sincerity.

<http://tribune.com.pk/story/1137074/maximising-benefits-economic-corridor/>

CPEC AND ECONOMIC RESTRUCTURING

The Express Tribune, July 9th, 2016.

M Ziauddin

In the initial years while the China-Pakistan Economic Corridor (CPEC) project is being completed and perhaps even at least a decade from the completion Pakistan is likely to undergo a phased transformation from an overwhelmingly import-based economy to a lucrative trans-shipment economy necessitating speedy expansion in the capacities of Pakistan's port and drastic reduction in turnaround time at the ports.

Indian ports are said to require an average of 84 hours to turn around a shipment. Busier ports like Hong Kong and Singapore get the job done in seven. At present, it takes more than a week to turn around a shipment in Pakistan.

The country's ware-housing capacity would also need to be expanded at least by 25 times over the period of completion of the CPEC project and with the increase in trans-shipment activity following the completion of the project this capacity would need to be kept expanding continuously dictated the volume of shipments crossing the country.

Since a lot of raw materials, intermediaries and even durables in knock-down conditions plus finished and semi-finished products would be passing through with Pakistan serving as the hub to and from markets located in the immediate and not-so-immediate vicinities, ample opportunities are expected to open up for local reprocessing along with simple as well as high-end value additions.

The phased transformation of the economy from one based essentially on imports to trans-shipment or ware-house economy is expected to unleash widespread restructuring process with many of the currently viable economic activities becoming unviable and in their place brand new business opportunities would crop up and new entrepreneurs technologically well-versed and sharp enough business-wise would stand to take full advantage of the new opportunities.

In order for the trans-shipment economy to grow without any let or hindrance, and at a faster pace the government of the day would need to realise that it would have to significantly lower the tariff and non-tariff barriers for a smooth and economic flow of goods in and out of the country. In the beginning, government's income from trade-related duties would sharply decline in the process but the income from toll taxes as well from value additions in the domestic warehouses would more than make up the losses and in fact the income from these sources would be many times more than the government would have collected from normal trade-related tariffs and levies in an import-based economy.

In order to put the matter in its right context one would like to recall here Afghan President Ashraf Ghani's speech at the Heart of Asia Conference held in Islamabad in December 2015:

"I want to express our gratitude to the government of Turkmenistan for having taken a cluster approach to the development of infrastructure and linkages. Turkmen railways, transmission lines, highways, gas pipelines, and oil pipelines are reaching Afghanistan. This is a very significant transformational event and hopefully also we will sign a 500 KV transmission line from Turkmenistan through Afghanistan to Pakistan, which will significantly change the energy picture in both of our countries.

With Kyrgyzstan, Tajikistan on the one side and Uzbekistan and Turkmenistan on the other sides, two major other transmission lines, respectively called CASA 1000 and TUTAP are moving from ideas to implementation. We are also extremely pleased that the Port of Chabahar, jointly invested by Iran and India is moving from conception to implementation and the related railway structures.

Also with China, the five-nation agreements on railways and related sets of connectivities is rapidly moving. In short, Afghanistan is rapidly moving towards regional integration towards Central Asia, East Asia, and West Asia."

Meanwhile, India is planning to double its port capacity to 3,000 million metric tons of cargo annually by 2020. India has already invested almost \$38 billion in the shipping and port sector. A new study shows that cargo traffic moving through India's 13 major ports and several hundred minor ports will rise by almost 60 per cent between 2015 and 2017 to a whopping 1,758 million metric tons.

<http://tribune.com.pk/story/1137790/cpec-economic-restructuring/>

August 2016

NEWS COVERAGE PERIOD FROM AUGUST 29TH TO SEPTEMBER 4TH 2016

CPEC WILL BLAZE A TRAIL, SAYS PM

Dawn, August 30th, 2016

Amin Ahmed | Mubarak Zeb Khan

ISLAMABAD: Prime Minister Nawaz Sharif on Monday said that the China-Pakistan Economic Corridor (CPEC) was not just a game-changer for Pakistan, but would go on to transform the fate of the entire region.

Finance Minister Ishaq Dar also claimed that the CPEC was not merely a \$40 billion project, adding that Pakistan was expecting much more investment to flow into the country once the corridor was up and running.

Leaders of the country's various provincial governments — as well as representatives of Azad Jammu and Kashmir (AJK) and Gilgit-Baltistan (GB) — had come together in a bid to showcase the potential of their respective areas with respect to the mega-project at the CPEC Summit and Expo, held in the capital.

Organised by the Ministry of Planning and Development, the event aimed to highlight bilateral trade and investment opportunities in different sectors of the economies of Pakistan and China.

“Our region has seen a lot of conflict and deprivation in the past, and the time has come to turn a new leaf in the history for our region by bringing peace, prosperity and opportunities,” the prime minister said while inaugurating the event.

“The CPEC cannot be defined by projects or infrastructure, it is a new concept and approach in diplomacy and development based on shared goals and aspirations. The CPEC is the way of hope and future for our region.”

It was the fusion of President Xi Jinping's ‘One-Belt One-Road’ with Pakistan's ‘Vision 2025’, which sought to harness Pakistan's geo-political position into geo-economic advantage by connecting the three engines of growth — South Asia, China and Central Asia, he said.

The prime minister announced that Pakistan was back in business and ready to do business with the world.

“The megawatts of electricity or kilometres of roads constructed cannot gauge its value. Its value is much bigger, much greater and the CPEC will bring new know-how to Pakistan. It broadens our technological capabilities and above all it deepens our relationship of trust and raises friendship to newer heights,” PM Sharif said.

He said the project envisioned bringing under-developed areas such as Gilgit-Baltistan, the western belt of Pakistan in Khyber-Pakhtunkhwa and Balochistan, including the Thar region of Sindh and the coastal belt of Balochistan, into the mainstream of development by providing connectivity, energy, industrial zones and employment opportunities.

PM Sharif declared that the jewel in the CPEC crown was the port city of Gwadar. The government, he said, was working on a master plan with Chinese assistance to transform Gwadar into a model smart port city of the 21st century.

Not only that, but Gwadar would have a local power source and a desalination plant facility, while a modern hospital and technical training centre for the youth, a university campus in Gwadar and Zhob along the western route would start working this year, he said.

In his remarks, Finance Minister Ishaq Dar said that Pakistan had achieved its highest level of forex reserves and would soon become a choice destination for foreign direct investment.

“Pakistan is not what it was in 2013. In 2016, Pakistan has changed and the world is ready to do business with us,” the minister remarked.

In an apparent response to local critics, the minister said there was no doubt that the CPEC was going to benefit all regions of Pakistan.

The chief ministers of Khyber Pakhtunkhwa, Sindh and Balochistan, and the AJK PM and GB chief minister also spoke at the occasion.

<http://www.dawn.com/news/1280882>

PAKISTAN UNVEILS LONG-TERM CPEC COOPERATION PLAN

The Express Tribune, August 30th, 2016.

ISLAMABAD: Pakistan unveiled on Monday the synopsis of the China-Pakistan Economic Corridor (CPEC) long-term plan that envisaged cooperation in the job-intensive sectors with words of caution from Chinese experts who spoke about risks to smooth implementation of the partnership framework.

The government shed light on draft of the long-term plan for the period 2025-30 during the CPEC summit held in Islamabad on Monday.

So far, discussions have focused on priority and actively-promoted projects, which are expected to be completed between 2018 and 2025.

China Development Bank prepared the draft of the long-term plan, specifying the timing for development of the economic corridor. The CPEC is part of China's strategic 'One-Belt, One Road' initiative, known as OBOR, which talks about connecting about 64 countries in three continents.

The long-term plan talks about establishing a bilateral payment and settlement mechanism to reduce the need for third-party money and ease the pressure on foreign exchange reserves. Central banks will put in place a relatively stable exchange rate mechanism and continue to implement and expand the scope of bilateral currency swap agreements to Rs520 billion.

“Most of the pillars of the long-term plan will deal with the provincial projects and the contribution of provinces will be critical for their success,” said Planning Commission's CPEC Centre of Excellence Executive Director Dr Safdar Sohail, while discussing broader contours of the plan.

The plan identifies key areas and major projects including the development of an integrated transport system, IT connectivity, energy cooperation, industrial parks, agricultural development and poverty alleviation.

The other areas of cooperation will cover livelihood, water resources, livestock, people-to-people communications and financial matters.

Discussions had also taken place between Pakistani and Chinese authorities on final draft of the plan last week.

Under the plan, agricultural information project, storage and distribution of agricultural equipment and construction project, agricultural mechanisation, demonstration and machinery leasing project and fertiliser production project for producing 800,000 tons of fertiliser and 100,000 tons of bio-organic fertiliser will be implemented.

Other projects include livestock breeding, livestock and poultry breeding base cleaning, livestock and poultry product processing centre, disease prevention and control system, planting and breeding and agricultural product processing.

“As per proposed targets, gross domestic product will grow by another 1.5% from 2016-20 and another 1% from 2020-30,” said Sohail.

He said the annual average trade would increase 24% from 2016 to 2020 and 16% from 2020 to 2030. The annual average investment growth is expected to be 25% from 2016 to 2030. He said the contribution of industry as a percentage of GDP would increase 1.5% and about 800,000 new jobs would be created.

“The OBOR will be the largest economic belt in human history that will link Central Asia, South Asia, South East Asia and Africa,” said China Institute of International Studies President Su Ge.

Su said the CPEC framework revolved around Gwadar port, energy, infrastructure construction and industrial cooperation.

However, he said the CPEC could face challenges and risks. “The risks include security environment, changes in international politics, changes in national development policies and cultural and ethnic differences.”

“No matter what difficulties may arise, we need to keep in mind the broader picture,” he remarked. Power Construction Corporation of China (CPCC) Chairman Yan Zhiyong highlighted the security issues, facilitation of investors and problems in land acquisition as the problematic areas.

CPCC is among 500 Global Fortune Companies. It is investing in many power and infrastructure projects of the CPEC including the Port Qasim power plant, Gwadar power project, Sahiwal coal-fired power plant, Karot hydroelectric power project and Karachi-Lahore motorway.

“The new challenge to the CPEC is from the public debate that has resulted in protests,” said China CPEC consultant Zhu Xingiang. “The implementation of CPEC could be adversely affected due to the existing disputes.”

He also advised avoiding unnecessary expectations from the CPEC at the initial stage of implementation.

He sought an end to arguments over the CPEC route and advised Chinese companies not to operate in isolation and instead become active on social media.

“It is important to carefully spell out the risks and challenges so that we can do better contingency planning,” said Adviser to Prime Minister on Foreign Affairs Sartaj Aziz while chairing a session of the CPEC summit.

<http://tribune.com.pk/story/1172199/one-belt-one-road-pakistan-unveils-long-term-cpec-cooperation-plan/>

CPEC SUMMIT

The Express Tribune, August 31st, 2016.

As projects under the CPEC gather pace, a broader synopsis of the long-term plan for the Corridor was unveiled at a summit held on August 29. This was coupled with caution from the Chinese who highlighted the risks to smooth implementation of the partnership framework. Much of the talk about CPEC projects has focused on the general lack

of know-how on finances, public-private partnerships and the extent of the benefit to both China and Pakistan, weighing them against each other.

Discussions have also revolved around the areas in Pakistan that would accrue advantage, with every government official praising the CPEC as a ‘game changer’ and nothing less. But at the same time there has been a general lack of clarity on some of the broader features of the projects, with finances being a major source of concern for a heavily-indebted Pakistan.

At such a time, the CPEC Summit, meant to promote awareness and hold discussions on how to take the project forward, was a much-needed one. Pakistan’s concerns lie in contributions coming from the provinces and meeting financing needs of the investment-heavy CPEC projects. Timing will prove to be the key here and stakeholders are aware of it. China’s concerns, on the other hand, stem from a general lack of stability within Pakistan, accentuated by its political and security situation.

Reports have so far highlighted slow progress in some of the CPEC projects, especially those that fall within provincial domains, and a Pakistani official pointed out the need to accelerate them. Lack of communication among stakeholders also came up and there was an understanding that the issue needed to be addressed.

The CPEC may very well be a game changer, but it will need active participation to truly achieve its intended benefits. Pakistan’s relations with its neighbours and the situation in Balochistan could very well be important issues that would need to be addressed.

A senior Chinese official pointed out land acquisition issues while another said that ethnic differences could be a cause of concern if left unheeded. The CPEC will be a test on multiple fronts for Pakistan, accentuating and exposing all the major problems afflicting the country. Only time will tell if we’ll be able to overcome these.

<http://tribune.com.pk/story/1172910/cpec-summit/>

CPEC: ALADDIN’S LAMP?

Business Recorder, August 31, 2016

Foreign direct investment (FDI) amounting to \$46 billion pledged by China for the China-Pakistan Economic Corridor (CPEC) is officially being deemed as a ‘game-changer’. But this ‘game-changer’ is no Aladdin’s lamp through which we could turn Pakistan overnight into a modern, progressive and prosperous country.

Indeed, considering the current FDI absorption capacity of the country and the current state of Pakistan’s physical and socio-economic infrastructure it would perhaps take at least 10 years (if not 15 years) at the absorption capacity rate of a maximum of \$5 billion a year for this ‘game-changer’ to usher in the desired levels of progress and prosperity.

Meanwhile, the liberal terms and conditions that govern our FDI rules are expected to enhance the annual outflow of foreign currency in the shape of profit repatriation by the foreign investors rendering the net inflow to no more than a maximum of \$3 billion annually.

Remittance of royalty, technology and franchise fee is allowed to projects in social, service, infrastructure, agriculture and international chains food franchise.

— Minimum share of the local (Pakistani) partner in a joint venture will be 60:40 for the service sector. However, 100% foreign equity can be owned for first 5 years.

— The Federal Board of Revenue will not question as to the source of investment; however, the FBR will only want to know whether the investor has paid requisite Income Tax on that specific investment. The FBR will not inquire into the source of the funds.

— Foreign investors are allowed to invest in industrial project on a 100% equity basis without any permission from the government.

— There is no requirement for a No Objection Certificate from the provincial government.

— In addition to manufacturing sector foreign investment on a repatriate-able basis is allowed in services, infrastructure and social sectors.

— Full repatriation of capital gains, dividends and profits.

— The facility for contracting foreign private loans is available to all those foreign investors who make investment in the approved sectors.

— Foreign controlled manufacturing concerns are allowed to borrow on the domestic market according to their requirements.

— Foreign controlled semi-manufacturing and non-manufacturing concerns can access loans equal to @ 75% & 50%, respectively, of their paid up capital including reserves.

— BoI's (Board of Investment) approval is not required for foreign companies to open a bank account.

— State Bank of Pakistan (SBP) regulates remittances in and out of Pakistan under legislature. There is no restriction on inward remittances by State Bank of Pakistan (SBP) but any outward remittances whether be royalty, technical fee and dividend have to have a prior approval from SBP, which the authorising bank/agent would do on the company's behalf.

— Similarly any contract for any such remittance needs prior approval of SBP.

The more profitable areas that have been identified for FDI in Pakistan are energy sector, telecommunications, education, engineering, mining, pharmaceutical, beverages, equipment, and the power sector. Thus, the enhancements of FDI is expected to boost the process of economic development through generating employment opportunities and increasing per capita income and the ultimate result would be wholesome inclusive prosperity.

For attracting the required amount of FDI the government needs to encourage domestic infrastructure, reduce political instability and terrorism in the areas, which are the main hindrance in the way of FDI inflow. In addition, the authorities need to formulate adequate policies which are more conducive for FDI enhancement.

Foreign Direct Investment in Pakistan averaged 2623.93 USD Million from 2010 until 2015, reaching an all-time high of 3184.30 USD Million in 2010 and a record low of 2099.10 USD Million in 2012. Pakistan received an FDI of \$709.3 million in 2014-15, which was 58.2% less than the FDI received in the preceding fiscal year. The largest contributor during the year was the United States (\$238.7 million), followed by China (\$229.5 million) and the United Arab Emirates (\$222.4 million).

According to statistics released by the State Bank of Pakistan (SBP), because of the net inflow of almost \$600 million from China, foreign direct investment (FDI) in Pakistan surged 38.8% in 2015-16 at \$1,281.1 million in July-June, which is \$358.2 million higher than FDI received in the preceding fiscal year.

FDI clocked up at \$197.5 million in June this year, up 207.1% from the FDI received in the preceding month. The unusual jump in FDI in the last month of 2015-16 was on the back of an inflow of \$138.5 million in the telecommunications sector. SBP data does not name companies that have received foreign investment. But a separate Excel sheet reveals the same amount of investment in June originated from Norway, which is the home country of the parent company of Telenor Pakistan. China was followed by Norway (\$172.3 million), United Arab Emirates (\$164.2 million), Hong Kong (\$130.9 million) and Italy (\$103.5 million) as the largest contributors to FDI in 2015-16.

The largest increase in FDI in July-June (2015-16) was in the category of power, which attracted \$566.6 million, up 158.4% from a year ago. Other sectors that attracted a substantial FDI in 2015-16 were oil and gas exploration (\$261.6 million), telecommunications (\$210.4 million) and beverages (\$65.9 million).

The United States has traditionally been a big source of FDI, but that trend is changing now. As opposed to making fresh investments in Pakistan, it is now pulling out its money instead. The US investors have pulled out \$65.5 million from Pakistan in 2015-16, although net inflows from the world's largest economy amounted to \$208.9 million in the preceding fiscal year.

In addition to the United States, other major outflows of FDI were from Saudi Arabian investors (-\$102.2 million), Egyptian investors (-\$45.6 million) and German investors (-\$33 million) in July-June, SBP data shows.

The largest net outflow of FDI in 2015-16 was recorded in petro chemicals (-\$136.1 million) followed by metal products (-\$59.1 million). Repatriation of profits and dividends nearly trebled to \$145.8 million in July this fiscal from \$52.5m in the same month last year.

During the preceding fiscal year, the amount of profits repatriated by foreign companies operating in Pakistan stood at \$2 billion, which was the second biggest payment after debt servicing for the country. While the country has been facing many odds on external front despite record foreign exchange reserves – the exports are declining and remittances are falling – a rise in repatriation of profits and dividends is expected to render the national economy even more vulnerable. Moreover, foreign direct investment (FDI) inflows shrank to \$64 million in July compared to \$75 million a year ago. The country could hardly receive \$1.2 billion FDI in the previous fiscal year.

Pakistan is already under stress to meet the trade deficit which was close to \$21 billion in 2015-16. The gap did not allow the country to come out of the current account deficit despite record inflows of remittances. The \$20 billion remittances in 2015-16 helped the country meet the trade gap and reduce the current account deficit, while it succeeded also to keep the foreign exchange reserves at \$23 billion. Debt servicing amounted to \$5.3 billion in the preceding fiscal year. So, all told the collective payments of debt servicing and profits were above \$7 billion.

The increases in this regard shows that the country would be under pressure to arrange more than \$7 billion in the current fiscal year which would mean it would be almost impossible for Pakistan to keep its foreign exchange reserves at the current level.

Falling remittances could add to the worries for a government struggling to increase exports, which have been declining for the last two years. July remittances fell 20 percent mainly because thousands of Pakistanis working in the Middle East, particularly in Saudi Arabia, lost jobs and their payments were held by their employers.

Many foreign investors have left Pakistan for good in recent years because of the energy crisis and bad governance. According to the latest annual report of the SBP, FDI divestments have taken place in cement, metal and pharmaceutical sectors. "Some of these divestments highlight policy-related constraints in the manufacturing sector," the SBP said while referring to Tuwairqi Steel that has shut down its production unit in Pakistan because of a dispute with the government over the pricing of gas. However, FDI from China is expected to rise further in view of the recently announced China-Pakistan Economic Corridor (CPEC), according to the SBP.

"The implementation of infrastructure development and energy projects under the CPEC will further enhance the improving investment environment," it said in a recent statement.

In the context of foreign direct investment, advantages and disadvantages are often a matter of perspective. An FDI may provide some great advantages for the foreign investor but not for the foreign country where the investment is made. On the other hand, sometimes the deal can work out better for the foreign country depending upon how the investment pans out. Ideally, there should be numerous advantages for both the foreign investor and the host country, which is often a developing country.

ARMY CHIEF WARNS MODI, RAW OVER PLOTS AGAINST CPEC

Dawn, September 2nd, 2016

Baqir Sajjad Syed

Army Chief Gen Raheel Sharif said on Thursday that the army was ready to go to any extent for peace in the country and its security and stability.

He was speaking at the concluding session of a two-day seminar on the China-Pakistan Economic Corridor and Gilgit-Baltistan.

The army chief spoke about the overall fight against terrorism, security of corridor projects, strategic importance of Gilgit-Baltistan and its role in the CPEC.

“Let [Indian Prime Minister Narendra] Modi and RAW know that our borders are secure. We know our enemy and its conspiracies and we will leave no stone unturned to defeat those plots,” he said while speaking about the threats to the project from India.

Delhi, it may be recalled, has publicly adopted a hostile posture on the CPEC and tried to dissuade China, during its bilateral interactions, from engaging with Pakistan in the project.

This was the second time since last year’s Defence Day celebrations at the GHQ that the army chief directly responded to the Indian leadership.

Prime Minister Modi had in his country’s independence day speech last month accused Pakistan of suppressing the rights of people in Balochistan, Gilgit-Baltistan and Azad Kashmir. Although there was no direct reference to the CPEC in the speech, it is inferred that the remarks were also aimed at China, which is investing in those regions as part of the \$46 billion communications and infrastructure project.

Gen Raheel gave an overview of the progress made so far towards the establishment of a dedicated special security division for the CPEC, which the military had announced soon after the visit to Pakistan of Chinese President Xi Jinping last year.

He said the northern wing of the CPEC security division had already been raised, while the process for establishment of the southern wing had been initiated.

The northern wing will cater to the security of the projects situated between Khunjerab on the border with China and Rawalpindi, while the rest of the projects will be looked after by the southern wing.

The army chief for the first time publicly shared the responsibilities envisaged for the upcoming security division. “Their responsibilities would range from being first responders in case of threats to nuclear energy projects with China to advising and supporting law enforcement agencies that would be in the lead for security of other projects,” he said, adding: “They would be advising, indirectly controlling and, at times, directing the law enforcement agencies.”

Gen Raheel said Pakistan’s fight against terrorism was “a war for its survival”. Reiterating his pledge to take the fight to its logical conclusion, he said the facilitators, abettors and financiers of terrorists “would be sorted out and eliminated” for ensuring peace and security in the country.

In this regard, he said, the army would break the evil nexus of corruption, crime and terrorism.

Speaking at the seminar, Commander of 10 Corps Lt Gen Malik Zafar Iqbal said the northern wing of the CPEC security division would start working soon.

Emphasising the importance of security for development projects, he said those ventures could not be possible without a secured and enabling environment.

Gen Iqbal said a major challenge to the CPEC came from regional and extra-regional players. "Every sacrifice would be made for the success of the project," he added.

<http://www.dawn.com/news/1281516/army-chief-warns-modi-raw-over-plots-against-cpec>

RS 21.57 BILLION DIVISION RAISED FOR CPEC SECURITY: NISAR

Business Recorder, September 03, 2016

Federal Minister for Interior Chaudhary Nisar Ali Khan on Friday informed National Assembly that a special security division consisting of nine composite infantry battalions of six CAF wings has been raised at a cost of Rs 21.57 billion for ensuring effective security to projects under the China Pakistan Economic Corridor (CPEC). The parliamentary secretary for interior Maryam Aurangzeb stated that Rs 10 billion has been provided for capacity building of civil armed forces to effectively confront the menace of terrorism.

Speaking during the Question Hour, she said as many as 28 wings of civil armed forces have been raised as per the National Action Plan at a cost of about Rs 30 billion, adding the raising of rapid response force for Islamabad Capital Territory is also under way at a cost of Rs 2.7 billion. She pointed out that the civil armed forces are fighting side by side at forward positions under the Zarb-e-Azb. Sindh Rangers have played a commendable role in restoring the writ of state in Karachi, she added.

She said the provinces are also striving to enhance capacity of police for maintaining law and order and combating terrorism. All the provinces have now counter-terrorism departments to pro-actively fight terrorism, she added. Minister for Parliamentary Affairs Shaikh Aftab Ahmad said the government is giving special incentives to foreign investment. As a result of these steps, Pakistan has become one of the most attractive destinations for investment.

Parliamentary Secretary for Finance Rana Muhammad Afzal Khan said that China has given loans to Pakistan on concessional rates and it extended the loan for fiber optic at a two percent interest rate. Minister for Planning, Development and Reforms Ahsan Iqbal said that 95 percent work on ongoing development projects under Public Sector Development Programme (PSDP) had been completed.

He said the government reviews progress of the projects after every quarter and allocates funding accordingly, adding the federal government identified development programmes and projects in consultation with provincial governments. After the 18th amendment, responsibility for poverty alleviation falls on the provincial governments, he said, adding that despite this, the federal government is also financing vertical programmes of health and population welfare through PSDP as per a decision of Council of Common Interests (CCI), he added.

<http://www.brecorder.com/market-data/stocks-a-bonds/0/82024/>

PUNJAB GETS LION'S SHARE IN CPEC PROJECTS

The Express Tribune, September 3rd, 2016.

Islamabad: Punjab is to benefit most from the projects starting under the China Pakistan Economic Corridor (CPEC), statistics shared with the Parliament revealed.

At present, 53 per cent of the total projects are being assigned to Punjab. The provincial government has deployed 6,346 security personnel for the protection of 3,754 Chinese nationals.

According to official statistics, out of the total of 330 projects under CPEC, 176 are in Punjab while only eight projects have been allocated for Balochistan.

In a written reply to a question, raised by Shahida Rehmani in the National Assembly, regarding the security measures taken by the Ministry of Interior for the protection of Chinese personnel it was stated that a total of 16,703 security personnel were deployed for the protection of 8,819 Chinese nationals.

In his written reply, the Minister of Interior and Narcotics Control Chaudhry Nisar Ali Khan provided a breakdown and stated that 6,346 security personnel were deployed in Punjab for the security of 3,754 Chinese nationals while 3,134 personnel had been deployed in Balochistan for the security of 558 Chinese nationals.

As many as 1,912 security personnel have been deployed in Khyber-Pakhtunkhwa to provide protection to 698 Chinese nationals, working on the 19 projects in the province. Meanwhile, 2,645 personnel have been deployed in Sindh as security arrangement for protection of 1,141 Chinese nationals. The province will have 103 projects under the CPEC agreement.

Six projects have been allocated to the Islamabad Capital Territory (ICT) for which 439 personnel of the law enforcement agencies have been deployed for the protection of 885 Chinese personnel.

The lower house was further informed that a Special Security Division (SSD), consisting of nine composite Infantry Battalions and six Civil Armed Forces (CAF) Wings, had been constituted at a cost of Rs21.57 billion, which will provide security to the Chinese nationals.

Provision of security to citizens of Pakistan as well as to foreigners is the administrative, legal and constitutional responsibility of the provincial governments, it said, adding that the provincial governments were duly assisted by the armed forces.

<http://tribune.com.pk/story/1175160/economic-corridor-punjab-gets-lions-share-cpec-projects/>

NEWS COVERAGE PERIOD FROM AUGUST 22ND TO AUGUST 28TH 2016

AN ALTERNATE ROUTE FOR CPEC

Dawn, August 23rd, 2016

Afzal A. Shigri

CHINA'S remarkable economic development has transformed the lives of billions of people at home and around the world. Its outreach includes the markets of Africa and Asia, and the country enjoys great commercial success as a result of its robust economic relationship with Europe and North America.

On the home front, after developing the densely populated areas of the country, China turned its attention to its sparsely populated western region. The country embarked on an ambitious programme of development in the western province of Xinjiang to cater to the growing needs of this region as well as to tap into its rich natural resources. It developed industrial zones and allied infrastructure on a large scale, incurring costs of billions of dollars.

Launched decades back, these activities transformed the economic landscape of this region, creating an economic boom and concomitant industrial productivity.

The slogan 'go west' has led to prosperity and security requiring fast and cost-effective access to international markets. While the existing access routes through Eurasian land bridge ie the Silk Route and Siberian railways, or the east-west corridor provided access to the European market, transportation costs were high and access to other markets not available.

To get its products to the Middle East and the rest of the world, China required a seaport through a fast and economic route. A range of geopolitical considerations also necessitated a direct short route to a seaport to its western route.

In view of the existing access through Karakorum Highway built by China in the 1970s, China, in partnership with Pakistan, decided to develop the China-Pakistan Economic Corridor (CPEC) from its border pass at Khunjerab to Gwadar port for the benefit of both countries.

This has entailed a staggering investment of \$46 billion — in addition to billions already invested in China. But this combined investment in CPEC essentially depends on a single land route through a perilous highway carved through the rocky mountainous areas of the Indus gorge.

Any disruption along this route caused by natural or man-made disasters will have grave implications for the entire project with a domino effect disturbing economic activities at both ends. Perhaps this factor should be given careful consideration.

A high-level delegation from China visited Gilgit-Baltistan last month and met local stakeholders in the districts of Chilas, Skardu and Gilgit, conferring with the administration and members of civil society to assess and determine the challenges in this region bordering China. In a meeting with a writers' forum at Skardu, major aspects of CPEC in the local context were discussed.

While the discussion was focused on reviving the historical and cultural ties between the two regions, to foster friendly relations with the local population and explore economic development projects within the scope of CPEC, a number of concerns including unexplored opportunities were highlighted during the meeting with the Chinese delegation.

One of these was the question of an alternate route; it was suggested that China and Pakistan seriously consider an alternate route to safeguard the free flow of CPEC traffic. It was highlighted how local historical records documented instances of regular travel between Shigar and Yarkand across the Karakoram range through the Mustagh Pass. Drawing upon historical archives, Hashmatullah Khan, a historian working with the maharaja of Kashmir, and Prof Ahmed Hassan Dani, a scholar and an academic, have recorded mentions of frequent travel between Shigar and Yarkand.

In his recently published book, *The Apricot Road to Yarkand*, Salman Rashid has chronicled the details of his journey from Skardu to the Mustagh Pass to explore the old route to Yarkand, not only describing in detail the physical land features but also drawing upon the historical narratives of British travellers and officials.

He also travelled to Yarkand and to the other side of the Mustagh Pass, where he met Balti families (members of which form a 2,500-strong population) residing in "Mohalla five or Darul Khaz and its neighbouring Balti Mohalla". He also met their religious leaders Haji Akbar Mahmood and Noor Mohammad Khan.

A local historian Yousaf Hussain Abidi whose book on the history of Baltistan has been translated into Chinese explained how the Mustagh Pass closed down due to the growing glacier, thereby preventing regular travel somewhere around 1880. The last reported journey by a Balti was in the year 1905.

In view of the existence of a well-travelled historical route over a century ago, modern technology can be easily harnessed to open up the passage once again. The authorities can consider a second CPEC route from Yarkand to Skardu through the Mustagh Pass. This route should then be linked to the Neelum Valley through Shuntar Pass, thus bypassing Chilas and Indus Kohistan for passage through a relatively more peaceful area.

This route will have the advantage of providing a safe passage that will not only double the transportation capacity but also provide an alternate shorter and safer route for uninterrupted flow of traffic, thereby safeguarding the massive investment made by both countries.

It remains to be noted that the revival of the Shigar to Yarkand route will not only meet the goals of the economic corridor but will also bring more even economic development to other areas, most notably Azad Jammu & Kashmir.

Given the historical eminence of this route and the familiarity of the government functionaries with the local landscape due to their frequent work-related travel over the local terrain, it is surprising that no one in government circles considered the possibility of an alternate route while planning the CPEC project.

However, the latter has yet to take off, and it is not too late to explore and execute this alternate route, thereby guaranteeing the success and sustainability of CPEC, in case of unforeseen changes in circumstances or calamities, affecting either of the two routes.

<http://www.dawn.com/news/1279254>

'CPEC TO ENHANCE TRADE WITH REGIONAL COUNTRIES'

Business Recorder, August 23, 2016

The regional connectivity is one of the pillars of the Vision-2025 of the Government of Pakistan and China-Pakistan Economic Corridor is vital for the country to achieve task and enhance trade and cooperation with the regional countries. This was observed by Professor Dr Iqbal Ahmed Panhwar while delivering a lecture as guest speaker in a daylong seminar on “Pak-China Economic Corridor: A Road of High Hopes in an Uncertain World” held at Pakistan Study Centre University of Sindh Jamshoro on Monday.

In his presentation, he said that the CPEC is also significant for China as well. CPEC will link up with the grand Chinese plan of the Silk Road Economic Belt to connect China with Europe through Central Asia, he added.

He hoped that it would help China to promote policy exchange, road network, and currency circulation. He said CPEC could theoretically be a game changer for Pakistan, its fate was surrounded by various uncertainties. He said that in spite of all threats, Pakistan and China would take this initiative to its successful completion through mutual understanding support and cooperation.

<http://www.brecorder.com/business-and-economy/189:pakistan/78388:cpec-to-enhance-trade-with-regional-countries/?date=2016-08-23>

CPEC TO TURN PAKISTAN INTO FDI DESTINATION: PM

The Express Tribune, August 26th, 2016.

ISLAMABAD: Prime Minister Nawaz Sharif on Thursday declared that the China-Pakistan Economic Corridor (CPEC) would turn Pakistan into “a regional manufacturing hub and a lucrative market for Foreign Direct Investment (FDI)”.

The premier pointed out that the CPEC comprised major infrastructure, energy and communication projects.

He said this during a meeting with President of KOC Group of Turkey Fatih Kemal Ebiclioglu who called on him along with a delegation at the PM House. Ambassador of Turkey to Pakistan Babur Girgin also attended the meeting.

Pakistan’s outlook, the prime minister said, for attracting FDI was continuously improving and the improvement in security situation had also boosted Pakistan’s position as an attractive destination for FDI in the past three years.

Welcoming the delegation, the prime minister said that the government and people of Pakistan attached great importance to relationship with Turkey as both countries shared common perceptions on all regional and international issues.

Prime Minister Sharif appreciated KOC Group's initiative to enter the Pakistani market by acquiring Dawlance, Pakistan's premium home appliances company.

Appreciating the current quantum of FDI from Turkey to Pakistan in energy, infrastructure, construction and services sectors, the prime minister expressed the hope that there would be a substantial increase in investment from Turkey in future.

"Our investment policy has been designed to provide a comprehensive framework for creating a conducive business environment for the attraction of Foreign Direct Investment; Pakistan's policy trends have been consistent, with liberalisation, de-regulation, privatisation, and facilitation, being its foremost cornerstone," he said.

"It is encouraging that leading Turkish companies are interested in investing in Pakistan's energy, infrastructure, construction and services sectors," the prime minister said.

Appreciating the economic turnaround achieved by the incumbent government, Fatih Kemal Ebiclioglu said that Pakistan was an ideal place for investment and his company was determined to make further investment in different sectors.

He said that acknowledgement of Pakistan's improved economic credentials by credible International Financial Institutions (IFIs) was indeed commendable.

"Pakistan has immense potential for investment which is bound to increase in the near future because of the government's prudent economic and investor-friendly policies," he added.

Other members of the delegation included Levent Cakiroglu, Hakan Hamdi Bulgurlu and Salih Arslantas. Finance Minister Muhammad Ishaq Dar, Commerce Minister Khurram Dastgir Khan, Board of Investment (BoI) chairman Mifta Ismail and other senior government officials attended the meeting.

<http://tribune.com.pk/story/1170190/cepec-turn-pakistan-fdi-destination-pm/>

NEWS COVERAGE PERIOD FROM AUGUST 15TH TO AUGUST 21ST 2016

MENGAL EXPRESSES RESERVATIONS ON GOVT'S CPEC POLICY

Dawn, August 18th, 2016

KHUZDAR: Balochistan National Party (BNP-M) chief Sardar Akhtar Mengal has said that people of Balochistan are not against development, including the China-Pakistan Economic Corridor (CPEC), but have reservations over the government's lack of interest in the uplift of the province and exploitation of its resources.

Talking to reporters here on Wednesday, he said: "We don't oppose development but then we don't want dead bodies."

"Who would like to receive bodies of their loved ones just for the sake of development?" Sardar Mengal asked, adding that successive governments had not given attention to the development of Balochistan. Governments changed but the condition of the people remained the same.

He said his party had presented its stance on the CPEC which had received support of all opposition and government parties. "The federal government should look into the concerns of the people of Balochistan and restore their confidence.

"We took up the issue in the APC convened by the BNP-M and also adopted a resolution in the Balochistan Assembly, expressing our concern at the CPEC and other development projects."

He said the recent Quetta hospital bomb explosion was a big tragedy wherein lawyers, journalists and political and social workers were killed. “It is a systematic cleansing of educated people in Balochistan where, earlier, journalists, political activists, doctors and educationists were targeted.

There had never been a decline in targeted killings,” he said, alleging that the attack was the outcome of what Pakistani rulers did in Afghanistan. “They sent extremists and Jihadis to Afghanistan in the name of Islam,” he said.

Mr Mengal said there had never been a powerful chief minister in Balochistan since the 1970s, after ‘One Unit’. “Musharraf started a deadly military operation, and we received mutilated bodies. During the nationalist government in recent years, we found unmarked graves.”

Mr Mengal said his party would never support a government which oppressed the Baloch people and ruthlessly exploited their resources.

“Some call us traitors but my party does not care because we want to protect our people and resources.”

He said there was no change in the policies of the present government as it was implementing those adopted by retired Gen Pervez Musharraf during his rule.

Sardar Mengal said his party would hold a political gathering in Khuzdar on Aug 31 to discuss the CPEC and the government’s policies towards the Baloch people.

<http://www.dawn.com/news/1278322>

CABINET TO DISCUSS CPEC TODAY

Business Recorder, August 18, 2016

Prime Minister Nawaz Sharif has summoned a meeting of the Federal Cabinet on Thursday (today) to review the “game changer” China Pakistan Economic Corridor (CPEC) projects, current situation in Held Kashmir, political scenario of the country and important projects.

Minister for Planning, Development and Reforms, Ahsan Iqbal will give a detailed presentation on the CPEC projects along with progress on each project and the viewpoint of Chinese government.

The meeting will also approve Joint Venture (JV) Policy for Land Banking in collaboration with private sector. Ministry of Housing and Works has increased its land from 3000 Kanals in 2014 to 27366 Kanals in F-14, F-15, village Tuma Morial and Bara Kahu. All the land has been acquired under the Land Acquisition Act 1984.

In addition to this, process to acquire additional land of 17376 Kanals is also in progress. The cabinet will accord approval to Memorandum of Understanding (MoU) between Government of Pakistan (GoP and Government of Turkmenistan on defence cooperation.

Other items of the agenda will be as follows: (i) ex-post facto approval for signing of loan agreement for energy sectors reforms program-II between GoP and Jica; (ii) in principle approval for MoU between Office of Auditor General of Pakistan and the National Audit Department of Malaysia on cooperation in public sector auditing; (iii) approval for signing bilateral MoU between Supreme Audit office of Vietnam on cooperation in public sector auditing; (iv) approval for initiation of negotiations between State Bank of Pakistan (SBP) and Central Bank of Russia on signing of MoU on “Banking Supervisory Cooperation”; (v) approval for signing of agreement between Pakistan and Turkmenistan on abolition of visa for holders of diplomatic passports; (vi) approval for signing the negotiated Treaty on extradition between Pakistan and Kazakhstan; and (viii) approval in principle for initiating negotiations on the MoU between GoP and Kenya on cooperation in combating illicit trafficking and abuse of narcotic drugs, psychotropic substances and their precursors.

The sources said the Cabinet is also expected to discuss strategy to deal with agitation announced by the government's main political rival party PTI and Pakistan Awami Tehreek (PAT) of Dr Tahirul Qadri. Opposition parties have also submitted references to the Speaker National Assembly, Sardar Ayaz Sadiq seeking the Prime Minister's disqualification, alleging that he had concealed details of his assets in the nomination papers submitted for 2013 general elections.

The sources said, "it's going to be a one-point agenda Federal Cabinet meeting where the Prime Minister will be briefed on major communications projects which include the construction of Gwadar airport which will be handling even the biggest aircraft of the world A-380". Sources said the PM will also discuss the ongoing progress on Karakoram Highway Phase 2.

They said Gwadar airport is being constructed at a cost of over \$300 million. The sources said all the power plants proposed within the framework of the CPEC package will be figured out at today's Cabinet meeting. The Secretary Economic Affairs Division Tariq Bajwa, who prepared the agenda, will give a briefing to the Prime Minister on a 300-bed state of the art hospital being constructed in Gwadar.

The sources said the Cabinet will discuss threadbare main communication projects which especially deal with connecting Gwadar Port with the rest of the country. "Maritime Development will be discussed at threadbare," the sources said, adding "other than these projects the PM will also receive a briefing on Vocational Centre being established in Gwadar.

<http://www.brecorder.com/top-stories/0/75982/>

GOVT TO RE-ADVERTISE POST OF CPEC COORDINATOR, EXTEND MEMBERS' CONTRACTS

The Express Tribune, August 20th, 2016.

Shahbaz Rana

ISLAMABAD: The government has decided to re-advertise the post of China-Pakistan Economic Corridor (CPEC) Coordinator besides giving extensions to the contracts of outgoing members of the Planning Commission till new ones are hired through a competitive process.

Although the contract of the incumbent CPEC Coordinator and Project Director Major General (retd) Zahir Shah has expired; he has been asked to continue since he is the focal person in the Ministry of Planning, Development and Reform on CPEC and coordinates meetings pertaining to the \$46 billion umbrella project.

He has been engaged with CPEC since the project's beginning.

According to Federal Minister for Planning, Development and Reform Ahsan Iqbal, the post of CPEC Coordinator along with other member posts of the Commission will be re-advertised.

"The Planning Commission has also moved a fresh summary to the Prime Minister's Office, requesting extension in the contracts of the outgoing members and the CPEC Coordinator till September 15," said the minister.

"This would be a 'technical extension' providing legal cover to the work done by the members whose contracts have already expired," he added.

From May 2014 till August 2016, the government had hired members of the Planning Commission. Since the contracts have expired, some of them have left their offices including Chief Economist Dr Nadeem Javaid.

Member Infrastructure and Regional Connectivity Malik Ahmad Khan and Member Governance and Reforms Syed Tahir Hijazi are among those still attending office.

“Out of the eleven posts, advertisements for three have already been given,” said Iqbal.

Technically, the posts had fallen vacant after the government decided to publish advertisements. Now, the government has decided to fill this vacuum by seeking the extension until September 15.

There are chances that some of the outgoing members will not apply for the posts, considering the re-advertisement as no confidence.

The Planning Minister believes the re-advertisement is necessary to ensure transparency, as these people were hired only for two years.

“Sadly, good people do not apply. Therefore, the government should hunt for talent to attract the best minds in the Planning Commission,” said Planning Commission Former Deputy Chairman Dr Nadeemul Haque.

“Advertisements often turn out to be barriers towards the entry of good professionals,” he added.

The developments are taking place at a time when the Ministry of Planning, Development & Reform is organising the CPEC Summit & Expo.

The event aims at enhancing awareness regarding business opportunities under CPEC, attracting local and foreign investments, and highlighting development opportunities. The summit also aims at focusing CPEC prospects in sectors like power, construction, dry port, Industrial parks and economic zones. Local and Chinese organisations, companies, ministries and CEOs involved in CPEC projects will attend the meetings.

A few days ago, the government advertised the posts of Member, Development Communication and Member Science and Technology. Professionals having a master’s degree and 15 year ‘distinguished professional career’ could apply for these posts. These members will be hired for a period of two years with an option to extend their contracts.

In addition to the PM and the planning minister, there are ten members of the commission including secretary planning and development division, member coordination, chief economist, director Pakistan Institute of Development Economics (PIDE), members of implementation and monitoring, social sectors, science and technology, energy, infrastructure, development communication and food and agriculture.

<http://tribune.com.pk/story/1166150/govt-re-advertise-post-cpec-coordinator-extend-members-contracts/>

NEWS COVERAGE PERIOD FROM AUGUST 8TH TO AUGUST 14TH 2016

CONTROVERSY OVER CPEC: K-P, FATA RESIDENTS THREATEN PROTEST OUTSIDE CHINESE EMBASSY

The Express Tribune, August 8th, 2016.

BANNU: Residents of Bannu, Karak as well as North and South Waziristan took to the streets of Bannu on Sunday against the decision to change the route of the China-Pakistan Economic Corridor and threatened to demonstrate outside the Chinese Embassy in Islamabad. They demanded the inclusion of the western route whereby the corridor would run through more areas of Khyber-Pakhtunkhwa.

A convention related to CPEC was held on Bannu Link Road on Sunday under the chairmanship of ANP Wali Central General Secretary Dr Syed Alam Mehsud. Senior leaders of ANP-W and other parties were also present on the occasion.

“Through CPEC, Prime Minister Nawaz Sharif has denied smaller provinces of their rights,” Syed Alam Mehsud said.

“The future of K-P will be bleak if the Centre fails to give priority to an energy project, the employment quota and infrastructural development.”

He added the western route was not included in the economic corridor and K-P will not receive an energy project under CPEC. Farid Tufan, another ANP-W leader, termed such a move as an injustice with a province which had already suffered greatly due to militancy and terrorism.

The participants urged the federal government include K-P in the project or they would protest in outside Parliament House and Chinese Embassy in the federal capital.

<http://tribune.com.pk/story/1157596/controversy-cpec-k-p-fata-residents-threaten-protest-outside-chinese-embassy/>

MARKETING CPEC: SUMMIT, EXPO PLANNED TO WOO INVESTORS

The Express Tribune, August 9th, 2016.

Sehrish Wasif

ISLAMABAD: The Ministry of Planning, Development and Reform is organising a one-day summit and expo to mark the signing of \$46-billion China-Pakistan Economic Corridor (CPEC) programme.

The event will be held on August 29 at the Pak-China Friendship Centre, Islamabad. It is expected to be inaugurated by Prime Minister Muhammad Nawaz Sharif and will be attended by a large number of local and foreign dignitaries as well as investors, say officials responsible for organising the event.

Its objective is to motivate and attract more and more investors to pour capital into Pakistan and help boost the national economy. It will also provide a platform for exchanging ideas and open new avenues for increasing business, trade and tourism.

The CPEC is a collection of energy and infrastructure projects that are intended to strengthen and deepen economic links between Pakistan and China. Of the total \$46-billion investment, \$35 billion has been allocated for energy projects and \$11 billion for infrastructure schemes.

So far, none of the energy projects have been completed and are at various stages of implementation. However, five projects of NHA has been completed so far.

The projects have been split into two categories – priority and actively promoted. The schemes that come under the priority category are planned to be completed by 2018 and those under the title of actively promoted will be completed by 2025.

“The Ministry of Planning has asked relevant ministries, institutions, academia and private businesses to showcase their achievements before the visitors and guests at the upcoming expo,” an official said.

Talking to The Express Tribune, National Highway Authority (NHA) spokesman Kashif Zaman said being a major stakeholder in the CPEC, the NHA would actively take part in the summit and expo.

He said some of the major CPEC projects, which were under construction, would be completed in the next two to three years. These included 393km Sukkur-Multan motorway (M5) costing Rs281 billion, 59km Hasanabdal-Havelian motorway costing Rs34 billion, 120km Havelian-Thakot motorway costing Rs133 billion, 281km Hakla-DI Khan motorway (western corridor) costing Rs122 billion, 62km Gojra-Shorkot motorway (M4) worth Rs21 billion and 62km Lahore-Abdul Hakim (Multan) motorway worth Rs148 billion.

Zaman said the Rs163 billion (\$1.7 billion) Hyderabad-Sukkur (M-6) section of the Karachi-Lahore motorway still needed an investor. “Hopefully, this expo and summit will help to find the interested investor,” he said.

<http://tribune.com.pk/story/1158314/marketing-cpec-summit-expo-planned-woo-investors/>

GILGIT-BALTISTAN FEARS IT WILL NOT BENEFIT FROM CPEC

The Express Tribune, August 11th, 2016.

Shabbir Mir

GILGIT: Fears that Gilgit-Baltistan will gain nothing out of the China-Pakistan Economic Corridor (CPEC) project loomed large at a session chaired by Senator Taj Haider in Gilgit on Tuesday evening.

Haider, who is heading a special committee of senators on CPEC, is in Gilgit along with other senators. The committee has held meetings with various stakeholders in various parts of Gilgit-Baltistan to understand the concerns of people about the project that passes through this region. The meeting was attended by activists, journalists, lawyers and members of G-B Assembly.

“There is officially no word about the share of G-B in CPEC,” said Israruddin, a rights activist while speaking to the participants of the meeting.

He said G-B should be given its due share and constitutional status to win the confidence of the people.

Similarly, while sharing views, Assistant Professor Iftikhar Hussain said CPEC is like a “seal pack” for G-B’s residents as they have been kept in the dark about the details of the project for which the region serves as a gateway. “We are super patriots and it is our right to know about it and [demand] a share in it.”

Senior journalist Manzar Shigri said the federal government should end the sense of deprivation among the people of G-B as they have been left out of the mainstream politics due to its constitutional status. Dr Jalil, a retired government official, asked senators to highlight the challenges being faced by people. He added the disparity could lead to unrest in the region.

The speakers asked senators to help the G-B government prepare policies that could help generate revenue from the project that has been billed as a “fate-changer” for the country. Haider, in his remarks, said, “Hurdles in the way of CPEC projects will be removed to ensure it is completed in time.” He said reforms were needed in tourism, mining and other sectors of G-B to enable people to benefit from them.

The senator said that after a detailed visit of the area and meetings with different stakeholders, they will submit recommendations for approval in the Senate. The recommendation will be based on the aspirations of the people of Gilgit-Baltistan, he added.

<http://tribune.com.pk/story/1159747/session-gilgit-baltistan-fears-will-not-benefit-cpec/>

INDIA RAISES CPEC WITH CHINESE MINISTER

Dawn, August 14th, 2016

NEW DELHI: India on Saturday raised with China its blocking of Jaish-i-Mohammad (JM) chief Masood Azhar’s banning by the UN as well as Beijing’s opposition to India’s NSG membership bid for which the two sides agreed to have a meeting soon between their top disarmament officials, the Press Trust of India said.

It said External Affairs Minister Sushma Swaraj and her visiting Chinese counterpart Wang Yi, during their talks, also decided to put in place a new mechanism at the level of foreign secretaries to discuss various aspects of ties which have witnessed strains in the recent past.

The meeting coincided with reports that Indian Defence Minister Manohar Parrikar would visit Washington this month, his second trip there in eight months.

Ms Swaraj also conveyed to Mr Wang India's concerns on the China-Pakistan Economic Corridor (CPEC) in "disputed Kashmir" during the three-hour-long discussion including over lunch.

They reviewed the situation on the border and discussed further steps to strengthen peace and tranquillity.

Meanwhile, Mr Parrikar is expected to keep the signing of the Logistics Exchange Memorandum of Agreement with the US high on the agenda of his visit to Washington, reports said.

India and the US had announced in April this year the decision to conclude the logistic support agreement, but the pact has not been signed yet. Hopes are high on the US side that is in touch with India to draw up the agenda for the minister's visit, before a schedule is formally announced, an American source told The Hindu.

<http://www.dawn.com/news/1277425>

NEWS COVERAGE PERIOD FROM AUGUST 1ST TO AUGUST 7TH 2016

SENATE PANEL CONCERNED OVER SLOW PACE OF WORK ON CPEC'S WESTERN ROUTE

Dawn, August 2nd, 2016

ISLAMABAD: The alleged lack of transparency and discrimination towards small and backward provinces in the implementation of the China-Pakistan Economic Corridor (CPEC) project again echoed at the meeting of a Senate committee here on Monday with demands from parliamentarians that the misgivings be removed.

The committee noted that the western route of the CPEC was being continuously ignored despite repeated protests by parliamentarians for long.

The Senate Standing Committee on Communications held the meeting at the Parliament House which was presided over by its Chairman Senator Daud Khan Achakzai.

The chairman regretted that Prime Minister Nawaz Sharif and President Mamnoon Hussain had made assurances that the western part of the grand project would be built on a priority basis, but those promises had not translated into action.

"The route from D.I. Khan to Suhrab is not likely to be completed even by 2050 if the non-serious attitude of the present government continues as it is now. Facts are being hidden today, but their bad impact will fall on the whole country in future," he warned.

Mr Achakzai said an amount of Rs56 billion had been estimated for the cost of land acquisition for the western route but the amount had not been included in the budget of the NHA. Similarly, the ministries for finance and planning were totally ignorant about it, he added.

The chairman urged the government to ask the chief secretaries of Balochistan and KP to initiate the process of land acquisition and said its report should be produced in the next meeting of the committee scheduled for Aug 15.

The NHA chairman said that the construction plan of the CPEC had been divided into four categories: immediate basis and short-term, mid-term and long-term basis.

<http://www.dawn.com/news/1274781>

CPEC TO OPEN UP NEW VISTAS OF ECONOMIC DEVELOPMENT: PRESIDENT SCCI

Business Recorder, August 7, 2016

SIALKOT: People belonging to various walks of life including business community have hailed the decision of government for the construction of Sialkot-Lahore Motorway and said that under the dynamic leadership of Prime Minister Muhammad Nawaz Sharif the country had been put on the road of development and prosperity.

They said that record mega development projects like China Pakistan Economic Corridor (CPEC) and power projects had been undertaken by the government. These projects after completion will open new vista of development and prosperity in the country they added.

Talking to Business Recorder, President Sialkot Chamber of Commerce and Industry (SCCI) Mansoor Ahmad on Saturday said that government was making adequate efforts overcoming the energy issue on top priority basis and many project had been initiated in this regard. Due to effective policies of the government there is visible improvement in electricity supply as compare to past and hopefully it will be further improved he said.

The SCCI President further stated that this mega project of Sialkot-Lahore Motorway would not only ensure fast inter-city traveling facility but also minimize the traveling distance between Sialkot-Lahore while the project will also bring economic boom as well as generate employment opportunities in the region.

The SCCI President further said that hopefully Prime Minister Nawaz Sharif will perform stone laying ceremony early next week and its reflection of governments' commitment of improving the means of communication across the country with the concept banishing backwardness by linking far-off and neglected areas with developed parts of the country.

The linking remote areas with developed areas will bring revolutionary changes in life style of the suppressed people and open new vista of development and prosperity and generate employment opportunities he added.

The mega project of China Pakistan Economic Corridor (CPEC) will play instrumental role in bringing revolutionary change and usher economic stability and prosperity not only in Pakistan but also in the whole region he said.

He was of the opinion that Gwadar port will also play a dominating role in ensuring drastic economic stability and overall development of the country as well as in the region. Gwadar port and CPEC projects will open new vista of prosperity and development and ensure employment opportunities for the people of the country he said.

The economic stability had become more vital at this juncture for making the country economically stable, bringing prosperity and to boost development process in the country he said.

The SCCI President urged upon the government that steps should also be taken for the revival of train service in this export-oriented city and hub of the cottage industry of the country to facilitate the common man of Sialkot district.

Since long the train service on different routs had been suspended by the railway authorities due to unknown reason as a result of which the transporters were fleecing people he said. He appealed to Prime Minister to direct railway authorities for the revival of train service on different routs at earliest possible.

The SCCI President said that business community of Sialkot will continue its efforts for strengthening national economy and enhancing the export volume to many folds.

<http://epaper.brecorder.com/2016/08/07/5-page/783914-news.html>

September 2016

NEWS COVERAGE PERIOD FROM SEPTEMBER 26TH TO OCTOBER 2ND 2016

AFGHANISTAN STANDS TO GAIN FROM CPEC OPTION

The Express Tribune, September 26th, 2016.

Zafar Bhutta

Islamabad: The United States has spent billions of dollars in Afghanistan to cushion the sinking ship of the landlocked country's economy, but there are no visible signs of improvement.

An immediate workable solution for Afghanistan to boost its economy is forging better relations with Pakistan. Instead Kabul has resorted to blame game, holding Pakistan responsible for almost all recent terrorist attacks in its territory.

According to a report published by the Office of the Special Inspector General for Afghanistan Reconstruction (Sigar), created by the US Congress for an independent oversight of Afghan reconstruction projects, multibillion-dollar American investment in Afghan economy was spent uselessly and not followed by any significant results as expected by the international society and the Afghan people.

Though the US poured \$113 billion into the Afghan economy from 2002 to 2015, the socio-economic situation in the country showed no signs of improvement and continued to worsen, it said.

From a total of 44 projects sponsored by the US, only 20 were completed and received by Afghan officials. The report cited different problems for the failure including illicit and unprofessional planning of the programmes and baseless projects that had nothing to do with restoration of the Afghan economy, for instance, the Taliban reintegration support fund.

It also pointed to the low efficiency of anti-drug projects on which billions of dollars were spent and stealing of huge amounts of money invested in the construction of schools and hospitals by local officials that mostly gave the projects to companies of their relatives.

John Sopko, Special Inspector General for Afghanistan Reconstruction who reports to Congress on how US aid money has been spent, told Irin news agency that US-funded programmes were successful, but overall reconstruction had been characterised by mismanagement and waste.

“Such a scattershot approach has led directly to the current economic crisis. While USAID and other agencies may have had their own strategies to ease Afghanistan through the transition period, there seems to have been little coordination and no overarching plan,” he said.

According to the World Bank, the deteriorating security environment and persisting political uncertainty continue to undermine private-sector confidence and affect economic activity in Afghanistan.

Domestic demand remained weak with no sign of a pickup in private consumption and investment. The number of new company registrations, as a proxy for business activities, indicated only a small increase in new investment activities in 2015, but it remained significantly below the levels of 2012-13, the bank said.

However, instead of focusing on the issues highlighted by Sigar, Afghanistan is engaged in a blame game with Pakistan. This is a time for integration and strong cooperation in order to steer out of the economic problems.

Afghanistan is a transit country and can become a trade hub as China has taken over control of Gwadar Port. Pakistan and China are working on a gigantic economic corridor project called CPEC that offers myriad investment opportunities for all countries in the region, including Afghanistan.

Almost all Central Asian states have expressed interest in becoming part of the China-Pakistan Economic Corridor (CPEC). Beijing is also keen to reach Central Asia and Afghanistan provides a suitable transit route. Peace will prevail

in Afghanistan in the long term if it goes for economic development. Kabul should welcome Islamabad's offer to join the CPEC as it will have multiple options for using the ports.

However, rather than capitalising on the opportunity, Afghanistan has become part of the Chabahar port deal between Iran and India to show its muscles to Pakistan and China.

<http://tribune.com.pk/story/1188230/neighbourly-relations-afghanistan-stands-gain-cpec-option/>

CHINA HAS SO FAR Poured \$14B INTO CPEC PROJECTS

The Express Tribune, September 27th, 2016.

ISLAMABAD: China has so far invested \$14 billion in 30 early harvest projects to be completed under the China-Pakistan Economic Corridor (CPEC), a flagship project of the "One Belt One Road" initiative launched by Chinese President Xi Jinping.

Out of the 30 projects, 16 were under construction, a statement quoted Chinese Embassy Deputy Chief of Mission Zhao Lijian as saying.

He said some early harvest projects would be completed by early 2018 while hydroelectric power projects would be ready in 2020.

Giving details of energy projects to be completed in 2017, Zhao said 70% work on the Sahiwal coal power project had been done and its first unit would start producing electricity by the end of June next year. The Port Qasim power project and the Dawood wind power project will be completed soon whereas work on the Karot hydroelectric power project is under way with assistance from the Silk Road Fund.

Zhao expressed satisfaction over the pace of work on different energy, transport, infrastructure and road projects and said the Chinese government had encouraged qualified companies to invest in Pakistan and explore business and trade opportunities.

One of the world's largest construction company was working on Sukkur-Multan section of the Karachi-Lahore motorway, creating more than 10,000 jobs for the people of Punjab and Sindh, said the deputy chief of mission.

As many as 20 camps have been set up for the staff participating in construction of the \$2.9 billion mega project.

Talking about the Karakoram Highway Phase-II project, he said the construction work on the Thakot-Havelian section was progressing well.

Commenting on the positive impact of CPEC on Pakistan's economy, he pointed out that the World Bank in its report had acknowledged economic growth in Pakistan while its foreign reserves had climbed to \$22 billion.

Zhao expressed confidence that the CPEC would bring prosperity and opportunities for the people of both China and Pakistan, adding it would create more job opportunities besides ensuring better health and educational facilities after its further advancement.

<http://tribune.com.pk/story/1188886/economic-corridor-china-far-poured-14b-cpec-projects/>

RUSSIAN RESEARCHER SAYS CPEC 'GAME-CHANGER FOR THE REGION'

Dawn September 28th, 2016

Haneen Rafi

KARACHI: In an attempt to initiate a nuanced debate on the country's economic fluctuations, the Institute of Business Management (IoBM) organised a two-day international conference titled 'The state of Pakistan's economy: issues and challenges in the 21st century'. Present were academics, economists, as well as those who have closely worked on policy formation, and the prominent discourse on the first day focused on development related to the China-Pakistan Economic Corridor (CPEC).

Senior researcher at the Institute of Oriental Studies, Russian Science Academy in Moscow, Dr Natalia Zamaraeva read out a paper in which she shared her research on the prospects and challenges of CPEC which she considers a "game-changer for the region".

"CPEC, in my opinion, is the second phase of the new concept of the Silk Road. Signed in March 2015, China made a concrete proposal to Islamabad on interfacing the development strategy of the two countries," she said.

Encompassing the field of railways, highways, steel, automotive, electricity, engineering, high technology, and environmental projects, "China is willing to assist in implementing several priority infrastructure projects in a bid to establish a long-term, stable partnership."

According to estimates of Pakistani experts which Dr Zamaraeva shared, "its implementation will contribute to the country's GDP by three per cent".

In response to a question regarding security threats the project faces, she said that Pakistan would try to avoid any sort of global engagement that might put a strain on the project. "One such example is when Pakistan decided not to send its troops to Yemen."

She also lauded the efforts of the organisers to encourage different perspectives on the topic, and added that in the "Russian federation too, we have similar heated discussions on the topic of CPEC."

Another voice representing the Russian Federation was of Consul General Oleg N. Avdeev, who was the guest of honour at the conference.

"Intellectual exchange on opinion is essential as it may help the [Pakistani] government to chart an economic policy in the interest of every citizen," he said, while speaking about the importance of holding such conferences that especially targeted the youth.

He said a lack of awareness between entrepreneurs of the two countries about each other was a problem that needed to be rectified, and IoBM, which has recently begun a student exchange programme, was a step in the right direction.

Prof Dr Shahida Wizarat, dean and head of the department of economics at IoBM, read out a paper titled 'State of the Pakistan economy: an action plan for sustainable economic development'.

"I wish to highlight the issues and challenges faced by Pakistan and suggest an action plan which will make Pakistan water, food and energy secure," she said.

One of the more interesting elements of her presentation was her focus on agricultural development in the country, and how it is plagued by "low and erratic growth".

With major fluctuations in crop production, cotton growth was particularly hit hard. "There were negative growth rates in 2012-13 and 2013-14, turnaround in 2014-15, and a steep decline in 2015-16. The decline is mainly attributable to the use of genetically modified (GM) cotton seeds."

Her criticism of genetically modified organisms (GMOs) was based on international researches. One such was by French scientist Gilles-Eric Seralini which yielded results in which "female rodents fed GMOs for 24 months developed tumors, while male rodents suffered from liver damage and kidney problems among others."

Prof Wizarat also delved into the CPEC debate and offered several suggestions to make the project a greater success. “Personnel to serve should be vetted thoroughly to ensure that foreign nationals and Pakistani nationals with close links to foreign governments are not selected,” she said.

“Honest Pakistani nationals should be selected to serve the authority with technical skills.”

Former ambassador Syed Hasan Javed said that Pakistan was witnessing “an era of transformation as there is more construction going on in Pakistan at this moment than in the whole of Europe”.

Referring to CPEC as a means to an end, Mr Javed argued that it would allow Pakistan’s economy to take off.

“China in 1980 was in many respects 25 years behind Pakistan. Today it is definitely 25 years ahead. The good thing is it still remembers its old friend and is willing to help.”

However, some audience members raised questions about the extent to which Pakistan would benefit from CPEC, and whether the benefits were mostly imagined by the country’s analysts and the public.

<http://www.dawn.com/news/1286475>

QUESTIONS RAISED OVER FATE OF GWADAR PORT

Dawn September 29th, 2016

Syed Irfan Raza

ISLAMABAD: A Senate special committee on the China-Pakistan Economic Corridor (CPEC) has prepared its third report on the project raising questions over the fate of the Gwadar port.

The committee, which met at the Parliament House on Wednesday, termed the port project a “non-starter” and claimed that the corridor’s 1,674km western route covering the areas of Burhan/Hakla, D.I. Khan, Zhob, Quetta, Sohrab, Bisma, Panjgur, Turbat and Gwadar was the least priority of the government.

Talking to Dawn, the special committee’s chairman Senator Taj Haider said that more recommendations were made at the meeting which would be incorporated in the final report and after that it would be presented before the Senate.

He said the government was utilising its resources for upgrade of the existing port of Karachi instead of developing the partly constructed Gwadar port. “The government’s claim regarding completion of the Gwadar port is mere eyewash,” he said.

“Four deep sea berths that are 16 metres deep at low tide have already been built at the Karachi port. Another six are in advanced stages of construction. With the completion of a six-lane motorway on the eastern route, all traffic from China and inland Pakistan will naturally flow on the eastern route and will use the deep sea berths of the Karachi port.

“The agreed western route with its narrow two-lane road and the Gwadar port where construction of deep sea berths is presently only on pre-feasibility stage remains a non-starter,” the report said.

The Senate committee noted that there were many indications on ground which suggested that the agreed western route was not being given priority as per promise publicly made by Prime Minister Nawaz Sharif on Jan 15 this year, while work on the eastern route and Peshawar-Karachi Main Line 1 of railways was progressing on a fast pace and construction of a six-lane motorway on the eastern route was expected to be completed at a very early date.

“The special committee expressed serious concern that up till now a shroud of secrecy hangs around major decisions taken by the Joint Coordination Committee (JCC) of China and Pakistan. There are reports that the JCC has excluded the agreed western route from its programme.

The ground facts brought before the special committee further strengthen this apprehension. The committee has directed the Ministry of Planning and Development to share with it the MoU of JCC and the minutes of the JCC meetings,” the report said.

The committee’s chairman said the western route was not being constructed beyond D.I. Khan (Khyber Pakhtunkhwa) and Balochistan. “An amount of Rs124 billion announced for the Burhan-D.I. Khan section is being spent in Punjab as the section is situated in the province. Notwithstanding the fact that this section conforms to the CPEC concept and philosophy of choosing the shortest alignment, this section completely bypasses Khyber Pakhtunkhwa,” he added.

The committee also took notice of the physical obstruction in the shape of mountain between D.I. Khan and Zhob and regretted that the problem of constructing a motorway that ran across this obstacle had not been accorded serious consideration by the National Highways Authority. “What can be the engineering solutions? Does an alternative exist? How long will it take to materialise the most feasible engineering solution?” the committee asked.

The committee was of the opinion that the entire CPEC route could not be held hostage to one single obstacle on agreed alignment and directed the NHA to submit a clear-cut plan to build a motorway through this obstacle at the earliest.

The committee praised the railways ministry for executing railway projects which did not fall under CPEC. “The special committee wishes to record its deep appreciation of the fact that the Ministry of Railways on its own initiative has undertaken to build a railway line that will connect Peshawar with Gwadar.

From D.I. Khan to Gwadar this planned railway line shall follow the alignment of the agreed western corridor.

The Ministry of Railways plans to upgrade the abandoned pre-independence railway tracks to the required technical standards and to lay new tracks on the sections where these have not existed earlier,” the report said.

The committee regretted that no new power plants had been planned along the agreed western route. “There is the Suki Kinari hydropower project of 870MW on the one end and then almost after 1,700km there is the thermal 300MW Gwadar power plant. Power plants of high generation capacity are included in CPEC, but these are situated at places far away from the agreed western route,” the report said.

<http://www.dawn.com/news/1286840>

HIDDEN COSTS OF CPEC

Khurram Husain

AN important announcement from the government went relatively unnoticed given the atmosphere that prevails, so let me reconstruct a timeline here to give everybody a better idea of what is going on.

Last year on April 21, the day after Chinese President Xi Jinping’s visit to Pakistan, the military put out a press release announcing the creation of a ‘Special Security Division for Pak-China Economic Projects’, which would consist of nine army battalions and six wings of civil armed forces, to be commanded by a major general.

The force was supposed to be one of several being created for protection of Chinese investments and personnel in the country. The fact that the press release came the day after Xi Jinping’s visit, during which he also met the army high command, suggests that the matter was discussed between them during the meeting.

In May, the finance minister told a Senate standing committee that Rs136 billion would be required for completing the military operation in North Waziristan, including the cost of rehabilitating the displaced people, and other security-related expenditures, which according to at least one report included the cost of raising the CPEC security force. The funding was programmed into the budget in June, and a waiver was obtained from the IMF from including this expense in the ceiling on the fiscal deficit, since it was a “one-off” measure.

By September of that year, the fiscal deficit target had already been blown by more than Rs100 billion, and the finance minister was busy putting together a package of new, midyear revenue measures to help plug the shortfall. This package became a prior action under the IMF programme, which said in its eighth review that the federal government took measures to contain its expenditures “despite unforeseen expenditures of PRs 53 billion on account of Zarb-i-Azb military operations, hosting of Temporarily Displaced People (TDPs)”.

By December we had reports that the CPEC security force had already been deployed, with 9,000 army personnel and 6,000 civil armed forces. One of the reports, sourced to unnamed “official sources” had a little more detail: “[t]he Pakistan government had already placed two projects under the Public Sector Development Programme (PSDP) for 2015-16 for raising 22 additional wings of the civil armed forces with an estimated cost of Rs7.546 billion and through another project raising six additional wings of the CAF with a cost of Rs2.350 billion so the total cost of projects stood in the range of Rs10 billion. This cost might go up by 20 to 30 percent with the inclusion of escalated land cost”.

Meanwhile, the Gwadar Security Task Force, another formation similar to the force just raised, commanded by a brigadier, also became operational at the same time, with its expenses to be borne by the government of Balochistan and the federal government. Since almost half of Balochistan’s revenue comes from federal transfers anyway, clearly the bulk of the cost of creating and maintaining this force would come from federal revenues.

In any case, in February of 2016, the COAS visited the headquarters of the CPEC security force and vowed that “the security forces are ready to pay any price” for realising the “long-cherished dream” of CPEC.

By May, the finance minister said that the Rs100bn extraordinary expenditure on security, which was included as a “one-off” item last year and was to be outside the fiscal deficit ceiling, would be renewed again this year. And it surely was.

In July, a number of parliamentary committees were given presentations about the force. In one of these, the CPEC project director, retired Major Gen Zahir Shah, reportedly told a Senate committee that “[o]ne per cent of the total Chinese investment for CPEC would be spent on the security-related arrangements”.

All along this timeline, there are repeated clues that the Chinese are not happy with the security arrangements. The clues take the form of repeated assurances from the Pakistani side, including at the highest levels, that security of Chinese investment and workers is something Pakistan attaches high priority to.

In August, a leading business daily carried a report which opened with this sentence: “China on Tuesday urged Pakistan to ensure foolproof security to Chinese workers engaged in different projects under the CPEC. This was conveyed by Vice Administrator of Chinese National Energy Administration (NEA), Li Fanrong at a meeting with the Federal Minister for Water and Power and Defence Khawaja Muhammad Asif to review progress of CPEC energy projects.”

On Sept 21, the military announced a meeting between Finance Minister Ishaq Dar and the COAS Raheel Sharif, during which “[f]inancing matters related to capacity building for effective Pak-Afghan border management including raising of fresh 29 Civil Armed Forces wings were discussed.”

A few days later, in an ECC meeting, the federal government decided that the capital cost of all CPEC power projects that are under construction would be raised by 1pc to pay for the running cost of the CPEC security force, and that

Nepa should be given a policy directive to include this cost escalation in the tariff given to these plants. The cost of the force was now going to be bundled into the power tariff and passed on to the consumers.

The regulator, Nepa, has objected, and rightly so. Security expenditure has been growing at an alarming rate over the past couple of years, and all of it has been in the dark. Having blown the fiscal framework, they are now being offloaded directly onto the public through electricity bills.

Nobody doubts that CPEC carries tremendous promise for Pakistan. And nobody doubts that our security forces have made major sacrifices in the war on terror, as well as facing the looming threat from a belligerent India these days. But greater transparency is needed in the financing of CPEC projects. Otherwise, hidden costs of all sorts will start getting bundled into whatever recovery machinery there is, whether power tariffs of gas surcharges or whatever else.

<http://www.dawn.com/news/1286698/hidden-costs-of-cpec>

WITH A NEW CHINESE LOAN, CPEC IS NOW WORTH \$51.5BN

Dawn, September 30th, 2016

Khaleeq Kian

ISLAMABAD: Despite Indian conspiracies, the size of the China-Pakistan Economic Corridor (CPEC) has been increased to more than \$51.5 billion after China and the Asian Development Bank (ADB) agreed to lend \$8bn to upgrade the main railway line from Karachi to Peshawar, according to a federal minister.

Addressing a news briefing upon his return from a week-long visit to China, Minister for Planning, Development and Reforms Ahsan Iqbal said Beijing has agreed to provide Pakistan with a \$5.5bn concessional loan to upgrade and modernise the Karachi-Lahore main railway line called ML-1.

In addition, ADB will extend financing of \$2.5bn for the Lahore-Peshawar railway track, he said.

“Both loans will carry less than 2 per cent interest rate. Both are concessional loans,” he said. However, he declined to discuss specifics of the lending programme, saying the Economic Affairs Division is still busy finalising the terms and conditions.

He said the original \$46bn CPEC included about \$3.56bn financing for the railway network, which has now increased to \$8bn. “This is an add-on” to the original CPEC, he explained.

He said the Karachi-Peshawar railway line processed 75pc of the passenger and cargo traffic, but its efficiency has dropped to 60-80 kilometres per hour. That is because of a continuous deterioration during the long tenure of former president Pervez Musharraf, he said, adding that the track, signalling system and bridges were in bad shape.

The refurbishment and upgradation of the main line will cost \$8bn and take five to six years to complete. This will revive its efficiency to 120-160 kilometres per hour. It will be upgraded in a manner that it will accommodate fast-moving trains, reduce the cost of production and increase the competitiveness of Pakistani products.

The main line will then be expanded in the next phase to link Gwadar with Peshawar and then Havelian, Abbottabad, with Khunjerab.

Mr Iqbal said the CPEC has three phases and four major areas, namely Gwadar Port’s development, energy projects, road networks and industrial cooperation. The short-term, medium-term and long-term projects will complete by 2020, 2025 and 2030, respectively.

At present, work is in progress in the first three areas of infrastructure development, which will enable the two nations to push for industrial cooperation, he said.

Mr Iqbal said both sides agreed to convene the 6th Joint Cooperation Council (JCC) of the two countries in the last week of November. Before the JCC, working groups on transport, Gwadar Port and industrial cooperation will meet next month to firm up the implementation plan.

He said the long-term industrial cooperation has been finalised in Pakistan in consultation with all provinces, Azad Jammu and Kashmir and Gilgit-Baltistan. He said the four chief ministers belonging to different political parties have supported the CPEC that will be funded through the public-sector development programme, Chinese financing and funding by multilateral agencies.

Responding to a question, Mr Iqbal said some people have created misconceptions about the CPEC, adding that the federal government has invited the leadership of the Awami National Party for a briefing next week to address their concerns.

India has launched a massive campaign in the media to mislead people about the CPEC, he said. He noted that CPEC projects of about \$18bn are currently in the implementation phase while another \$17bn worth of projects are in the active pipeline. This means \$35bn worth of projects have already been energised in just two years.

<http://www.dawn.com/news/1287040/with-a-new-chinese-loan-cpec-is-now-worth-515bn>

BALUCHISTAN ON A PATH TO PROGRESS UNDER CPEC: ZEHRI

Dawn, October 2nd, 2016

Saleem Shahid

QUETTA: Balochistan is starting a historic journey towards progress and development with China investing \$51.5 billion under the China-Pakistan Economic Corridor (CPEC) and Gwadar being an integral part of it, said Balochistan Chief Minister Nawab Sanaulah Khan Zehri.

He was addressing the annual general body meeting of Quetta Chamber of Commerce and Industries late Friday night.

“Under CPEC, industrial zones would be established at six places, including Bostan while trade centres are also being constructed at the Pak-Iran and Pak-Afghan borders,” he said, stressing that traders should tap this opportunity.

“Due to special interest of the prime minister, SROs have been issued in Gwadar and steps are underway to make it a functional free trade zone,” he added.

On the occasion, he also announced the establishment of Expo Centre in Quetta.

“Peace is inevitable for attracting the investors and the provincial government is taking all possible steps for maintaining of law and order,” he said.

Commenting further on the law and order situation in the province, he said: “Those days are long gone when members of the business community in Balochistan were scared due to kidnappings. The government is fully determined to protect each segment of the society.”

“The previous governments were afraid of terrorists. The kidnapping of traders, doctors and common citizens were widespread while the government was not backing law enforcement agencies due to which the vandals were moving freely,” he added.

“Rs5bn has been allocated for the revival of beauty of Quetta city and Rs10bn for the provision of water,” he added.

Mr Zehri said Balochistan's business community as well as civil society condemns Indian aggression and fully supports the army.

The outgoing president of QCCI, Balochistan Jamal Khan Tarakai presented the welcome address.

The event was attended by Balochistan Minister for Education Abdul Rahim Ziaratwal, MPA Nasrullah Zeray and QCCI members.

<http://www.dawn.com/news/1287361>

NEWS COVERAGE PERIOD FROM SEPTEMBER 19TH TO SEPTEMBER 25TH 2016

CIVIL-MILITARY DIFFERENCES HOLD UP CPEC SECURITY PLAN

Dawn September 19th, 2016

BaqirSajjad Syed

ISLAMABAD: Plans for operationalising the Special Security Division (SSD) for China-Pakistan Economic Corridor (CPEC) have been held up by civil-military wrangling, multiple sources told Dawn.

It is feared that the issue, if not resolved at the earliest, could potentially affect the CPEC timelines.

The military had announced the raising of the SSD soon after Chinese President Xi Jinping's visit to Islamabad last year for the groundbreaking of CPEC projects. The division was to provide security to the Chinese personnel working on the CPEC projects throughout the country.

But, a year and a half later there are no agreed terms of reference (ToR) that would govern the working of the SSD.

The government has been sitting on the ToR proposed by the army clearly indicating it is not comfortable with the draft.

The role envisaged by the military for the SSD is to advise, guide and 'indirectly' control the civilian law enforcement agencies in issues related to the security of CPEC projects. Besides, the SSD can act as 'first responders' in cases of threats to critical projects.

The government's apprehension is that such "wide-ranging ToR" could expand military's influence on law enforcement agencies at the cost of civilian administration's authority.

Delay in approval of the ToR is preventing the commissioning of the first of the SSD wings –SSD-North.

Two wings of the SSD – North and South – are to be set up. As per the planning, the northern wing's jurisdiction covers the area between Khunjerab Pass on the Pakistan-China border and Rawalpindi, while the remaining stretch will be the southern wing's responsibility.

Though the army has established the SSD-North, the government is reportedly holding back the executive and financial approval for the SSD-South.

"The government agreed in principle to the establishment of SSD-South, but the formal nod is still awaited," a source disclosed. "No financial grant for the second wing has been given either," the source added.

It is estimated that creation of a new wing could take about 12 to 18 months. This implies that even if the approval is given now, the SSD-South will not be functional by the end of 2017, which is the time when CPEC's early harvest projects would be nearing completion.

Security is a major concern for entire CPEC, which faces threats from both regional and extra-regional players, a military official says.

But security is particularly problematic in the area that has to be secured by the SSD-South. The Frontier Works Organisation, which is engaged with road projects in Balochistan, has already lost 44 men, including 26 soldiers, in the province in security-related incidents.

At present, there are close to 10,000 Chinese personnel working on different projects across the country. Their number is expected to grow as the CPEC projects' implementation progresses.

Much like the troubled NACTA (National Counter Terrorism Authority), there are also differences over who would be in charge of the SSD. The government thinks that the SSD has to be under the interior ministry's command whereas the military has so far kept itself in the lead and intends to maintain that role.

Both civilian and military leaders agree that CPEC is vital for the country's future, but mutual 'distrust' is impeding cooperation between them on this critical venture. The civil-military differences are not limited to CPEC.

While the two have been keeping their divergences on CPEC security under wraps, the differences between them on counter terrorism are more pronounced. The military top brass has been publicly critical of the government's tardiness in the implementation of the National Action Plan against extremism and terrorism.

The government had earlier denied the military a formal role in the CPEC's apex governing body. The proposed CPEC board was to have all services chiefs, but the government did not agree to the creation and instead established a steering committee, which had similar composition as the CPEC board, but minus the services chiefs.

Army Chief Gen Raheel Sharif had in his Defence Day speech emphasised on "timely completion and protection" of CPEC, saying it was Pakistan's national undertaking.

The Chinese too have been underscoring the importance of security for the project. Chinese Ambassador Sun Weidong recently said that both "construction and safety of CPEC" would have to go side by side. "We look forward to creating a safe and sound environment for CPEC along with the Pakistani side," he had observed.

The government did not respond to the queries sent by Dawn about the delay in approval of ToR and the consent for raising of the SSD-South.

<http://www.dawn.com/news/1284724>

MENGAL ASKS GOVT TO REMOVE RESERVATIONS OVER CPEC

Dawn ,September 20, 2016

Abdul Wahid Shahwani

KHUZDAR: Balochistan National Party-Mengal (BNP-M) president Sardar Akhtar Jan Mengal has said that the federal and provincial governments should remove apprehensions of Baloch people about the China-Pakistan Economic Corridor (CPEC) project.

Addressing a press conference at the residence of BNP-M leader Saeed Mengal in the industrial town of Hub, he said his party would not accept any development project which would turn the Baloch people into a minority in Balochistan.

He said there would be a negative impact on national unity by what he called discriminatory attitude of the government towards the Baloch people. He alleged that the Baloch people were being treated like second-class citizens in the country.

Mr Mengal said unless the government did not remove the Baloch people's reservations over development projects in Balochistan, his party would continue to oppose them.

Talking about the government's reaction over the statement of the Indian prime minister on Balochistan, he said instead of protesting against India the country's rulers should work to remove the sense of deprivation among people of the province.

The BNP-M president claimed that some elements wanted to plunge Balochistan into anarchy and darkness. But, he said, his party would resist all such moves and work for the development of the province. Development in Pakistan was linked with peace in Balochistan, he added.

Answering a question, he said the provincial assembly had failed to raise voice for the basic rights of Balochistan.

<http://www.dawn.com/news/1285121>

CPEC: EXPERTS SPEAK ABOUT OPPORTUNITIES, CHALLENGES

Business Recorder ,September 20, 2016

NAVEED BUTT & TAHIR AMIN

ISLAMABAD: Economists have projected that China Pakistan Economic Corridor (CPEC) is expected to enhance economic growth of the country by 2 percent by 2020 and an additional 1.5 percent by 2030, besides creating 1.5 to 2 million jobs per annum.

However, they raised questions on transparency in CPEC projects, while terming the 17000MW energy projects worth over \$34 billion as the most expensive.

“Unfortunately, CPEC is a well-guarded secret and with little info that is available; it is not possible to separate myth from reality,” economists and diplomats lamented while addressing a National Conference on “CPEC: Macro and micro economic dividends for Pakistan and the region,” jointly organized by Islamabad Policy Research Institute (IPRI) and Hanns Seidel Foundation.

They also raised questions about strategy of the government on the CPEC, hurdle of bureaucracy, governance, and concern about capacity and urged for revisiting Free Trade Agreement (FTA) with China.

Former Minister of Finance and current Chairman Pakistan-China Centre for Economic Cooperation, Lahore Dr Salman Shah said real benefit of the CPEC depends on China's and Pakistan's commitment to greater economic integration.

He said that government of Pakistan's goal should be to establish a working framework and agreements for a financial commercial, manufacturing about knowledge alliance with China. He said that we could achieve \$300 billion to \$700 billion of GDP target till 2025, and external balance trade of Rs700 billion/year.

He said on one side, the great companies oriented to the export market with access to Chinese financing and partnerships will greatly benefit. However, when economic power will be concentrated in the efficient producers that can count on foreign financing, most small and medium size businesses that have to confront high financial costs in order to improve their technological capacity will be left behind, he warned.

Dr Shah predicted that most industrial companies from Pakistan that will benefit from the FTA with China will be those that develop networks to distribute their products or establish long-term agreements with Chinese producers and/or distributors.

He said that Chinese textile shifting to Pakistan will not only enable China to continue its dominance of the world's textile business, it will also improve Pakistani plants capacity to come up to the former's productivity levels. He was hopeful that CPEC along with an effective FTA can make Pakistan one of the most attractive investment and manufacturing sites in the world.

He said that this would enable Pakistan to sustain its national security with underpinning of a strong economic base in face of a resurgent and aggressive India.

He said that the CPEC could acquire great importance for developing global competitive advantage for Pakistan through connectivity, access to markets, skills development, know-how, and transfer of technology and availability of financial resources.

He said it is an economic imperative for China and Pakistan to increase and fortify their economic integration as the basis of increasing their regional economic power and to face the competition presented by the other regional economic blocs.

Shah said that the CEPC will provide China with a direct access to western Indian Ocean and it will also provide opportunity to Pakistan to become a logistics hub for Central Asia, Western Asia and Western China. He said that the link will provide an opportunity for both countries to promote greater economic integration of the two economies.

He said that China could be a big source of investment capital technology and know-how for developing Pakistan's economic potential, generating a growth of 8 to 10 % per annum, boosting exports and generating economic prosperity over the next 30 years. This would require pursuing a national agenda for economic integration with China.

Dr Ashfaq Hassan Khan, Principal and Dean School of Economics, NUST, Islamabad, said that the CPEC may change the face of Pakistan's economy, if all goes well. He said that today half a million tonnes of cargo is being handled via Gwadar. Next year, it is expected to reach a million, he said. However, when the port becomes fully functional, it will have the capacity to handle 300 to 400 million tonnes of cargo, he said.

Asad Ali Shah, Assistant Chief, Ministry of Planning, Development & Reform said the Corridor is not restricted to a single alignment, rather all provincial capitals are included as nodes, with joint feasibility surveys carried out. He said that selection of commercial companies is being done through a fair and impartial bidding process. "CPEC is a game changer because its main focus for Pakistan is not only on interconnectivity, but also on clean energy given the development of hydro, wind and solar power projects in order to increase the proportion of non-fossil energy consumption," he said.

Through the CPEC, Pakistan can now focus on exploring and utilizing its domestic coal resources to improve self-sufficiency under projects such as the Thar Power Coal Plant; Thar Power Sino Sindh Resources Coal Plant and the Hubco Coal Power Plant, amongst others, with an estimated coal generation of 4290 MW by 2017-2018, he said.

Former Ambassador Sohail Amin, President IPRI, said the CPEC infrastructure projects, including the processing and industrial production zones along the Corridor route once completed would open up and connect the least developed districts of Balochistan, Khyber Pakhtunkhwa, and Gilgit-Baltistan, with the mainstream national and even regional economies.

Dr Mujahid Kamran, Vice Chancellor, Punjab University, Lahore, said that Pakistan's strategic location and its great mineral resources given it an edge in the region. However, he warned that while the CPEC is an opportunity, it is also a challenge for Pakistan since it requires economic and governance reforms, along with a massive investment in trained and educated manpower.

Khalid Rahman, Director General Institute of Policy Studies (IPS), Islamabad, analyzed CPEC's economic benefits to China from three different yet entwined contexts: bilateral; in the context of OBOR; and in the larger context of changing Chinese role in the world. He said that the CPEC serves as the backbone for the 'One Belt One Road',

making the two-way connectivity between the Middle East, Gulf and Africa and South and Central Asia easier, cost-effective and efficient.

Dr Ather Maqsood Ahmed, HoD Economics Department, National University of Science and Technology (NUST), Islamabad, reviewing the economic dividends of CPEC for Pakistan, outlined its importance for the agriculture, industrial and services sectors.

He highlighted that while agricultural development of China and Pakistan will take place on the principle of comparative advantage and mutual benefit, achieving the objectives of the 17 agriculture-centric projects is dependent on how quickly counterpart experts in specific areas are assigned, public-private partnership is developed and federal and provincial governments are aligned.

Prof. Dr Syed Irfan Hyder, Dean CBM and CES, Institute of Business Management (IBM), Karachi, lamented lack of specific information for making investment decisions. He was of the view that the environmental costs of the CPEC should be calculated, while also keeping in mind that Balochistan is already a troubled area.

Dr Jahangir Khan, Associate Professor, Department of Economics, University of Balochistan, Quetta, pointed out that intra-regional trade among the members of SAARC and ECO countries is around 5% of their total trade which does not match the inherent trade potential.

<http://epaper.brecorder.com/2016/09/21/12-page/795901-news.html>

CONFERENCE: SPEAKERS FOR CREATING CPEC DEVELOPMENT AUTHORITY

The Express Tribune, September 21st, 2016

ISLAMABAD: Speakers, including development experts at a conference Tuesday, called for the establishment of the China-Pakistan Economic Corridor (CPEC) Development Authority to ensure smooth and timely completion of the project.

Chairing a session of National University of Science and Technology conference on CPEC, School of Economics Dean Dr Ashfaq Hassan Khan said, "CPEC is a huge project which needs full attention, capacity, sincerity and hard work to exploit full potential from the project."

The conference titled 'CPEC: Macro and Micro Economic Dividends for Pakistan and the Regions' was organised by Islamabad Policy Research Institute in collaboration with Hanns Seidel Foundation. Khan said that CPEC would change the perception of Pakistan in the world.

CPEC has the potential to change the face of Pakistan as it would contribute extra two per cent in the country's economic growth, which would rise to 7-8 per cent in next few years, said the dean.

He informed that by 2030, Gwadar Port would be handling around 300 to 400 million tons cargo, which is a huge quantity compared to the largest US port where 80 million ton goods were being handled, while the combined capacity of Indian ports is 500 million tons cargo.

Khan highlighted some hurdles in the way of the mega project which he said needed to be resolved immediately.

Former finance minister Dr Salman Shah said that to make CPEC a success, Pakistan China economic integration should be brought to the highest level.

Citing benefits of CPEC he said that with the successful completion of the mega project, 500 top Chinese multinational companies would have their bases in Pakistan, 25 million people of the two countries would be visiting each other annually, 25 million new jobs would be created, 100 flights would be operated daily between the two

countries, one million Pakistani students would be studying in China and five per cent of Chinese total external trade would be routed through Pakistan.

<http://tribune.com.pk/story/1185352/conference-speakers-creating-cpec-development-authority/>

CPEC AND WIND POWER

Business Recorder, September, 22nd, 2016

Although the CPEC portfolio is primarily composed of coal projects, there are a number of renewable energy projects as well. Currently, there are 300MWs of wind power and a planned addition of 1000MW of solar power plants.

There are no second opinions when it comes to the renewable energy potential Pakistan possesses. In Sindh there is the famous Gharo corridor which according to rough estimates has the capacity to generate around 50000MW of wind power. Then there is Thatta, Jamshoro and the vast stretch of coastline from Karachi to Baluchistan.

All wind projects that have been set up so far are located in the Thatta district of Sindh known for its high wind potential. Dawood Hydrochina, UEP and Sachal have all achieved financial close on their projects and will start contributing 300MW by the end of this year.

The tariffs awarded for the projects range from 10.6 to 13.2 Rs/kWh. The cost for 100MW plants of UEP and CTG are approximately \$200 million each whereas the cost for 50MW plants of Dawood HydroChina and Sachal are \$100 million each.

Wind projects of 600MW that are not part of CPEC are also nearing completion. But although these projects were guaranteed grid connections when they set out to develop the plants but have not been connected to the grid so far. The National Transmission Despatch Company (NTDC) should amp up its efforts to honour its terms of the agreement. There needs to be systematic planning which develops certain areas and provides the requisite grid evacuation.

The advantages of including renewable plants in CPEC are numerous and offer the opportunity of technology transfer that will allow local manufacturers to build wind turbines and solar thermal plants.

The government on its part is expediting land procurement and leasing at cheap rates along with guarantees of electricity purchase with a profitable tariff. It has also removed import duties on equipment and given exemptions on income, sales and withholding tax.

It is good to see that in the wind sector at least, there has been continuous policy development by successive governments which has led to rapid construction of wind power plants. Over the next five years it can be hoped that a decent chunk of the energy mix will comprise of clean sustainable energy at affordable rates.

<http://epaper.brecorder.com/2016/09/22/2-page/796042-news.html>

CHINA-PAKISTAN ECONOMIC CORRIDOR: CPEC TO CHANGE BALOCHISTAN'S FATE, SAYS IQBAL

The Express Tribune, September, 23rd, 2016

Islamabad: The government reiterated its stance on Gwadar, saying that the port city is the crown jewel of the China-Pakistan Economic Corridor (CPEC) initiative and all developments to facilitate the transit route will be inclusive and will benefit the people in the province.

Minister for Planning, Development and Reform Ahsan Iqbal termed the development of Balochistan as the top priority of the government on Thursday, adding that the \$46 billion CPEC would change the fate of the province.

“Energy had been given preference in the projects being completed under the CPEC initiative,” he said, while addressing students and faculty members at Balochistan University of Engineering and Technology, Khuzdar.

Out of \$35 billion energy projects, Sindh province would get \$11 billion while Balochistan would get energy projects worth \$9 billion, he added.

He said those who wanted to turn CPEC controversial were not in favour of progress and well-being of the people in Balochistan. The minister said Gwadar to Quetta and Gwadar to Khuzdar roads would be completed by December 2016, adding the under-developed areas of Balochistan would be connected with the country after completion of these highways.

Iqbal said the country had been put on the path of development and “we can make Pakistan an Asian Tiger through peace, solidarity and hard work.” He said Balochistan was ignored in the past but now funds were being released on priority. The PML-N government was making new records of service of masses, he added.

<http://tribune.com.pk/story/1186749/china-pakistan-economic-corridor-cpec-change-balochistans-fate-says-iqbal/>

CPEC’S WESTERN ROUTE: NHA APPROVES CONSTRUCTION OF HAKLA-PINDI GHEB SECTION

Business Recorder, September, 24th, 2016

The National Highway Authority (NHA) has approved construction of Hakla-Pindi Gheb section, a vital part of China-Pakistan Economic Corridor (CPEC) western route. The approval was granted in a meeting of the NHA Executive Board headed by the authority’s Chairman on Friday.

The project will cost around Rs 22 billion and will be completed in two years. It is 63 kilometres long and part of Hakla-D.I.Khan Motorway. Hakla-D I Khan Motorway (CPEC) is 285 kilometres long and is divided into five packages with estimated cost of Rs 145.5 billion including Rs 20 billion for land acquisition and shifting of utilities. The project was divided into five smaller sections so that work could be completed according to the given time frame, official added.

NHA Spokesperson told Business Recorder that Hakla-Pindi Gheb section is one of the five packages of the western route under the CPEC. Construction work on other three sections has already been started while approval to the remaining section ie package-III (Rehmani Khel – Mainwali-60 km) will be granted in upcoming Board meeting.

Work on the package-IV (Tarap-Pindi Gheb), package-III (Mainwali-Tarap) and package-I (Yarik (DIK)-Rehmani Khel) has been awarded to contractors and machinery has been mobilised on sites.

The construction work has already been started on the three packages simultaneously and would be completed in two years after the starting date. Package-I (Yarik – Rehmani Khel-55 km) has been awarded to m/s NLC at bid amount of Rs 13.257 billion, package-III (Mainwali – Tarap-60 km) to m/s FWO at bid amount of Rs 20.629 billion and package-IV (Tarap – Pindi Gheb-50 km) to m/s Limak-ZKB JV at Rs 21.386 billion.

Package-II (Rehmani Khel – Mainwali-60 km) involves a bridge on river Indus for which Riverine survey is completed and data has been sent to the Irrigation Research Institute Lahore for model study on priority. The project is being financed by the Government of Pakistan and PC-I was approved by ECNEC. The government earmarked Rs 30 billion under the Public Sector Development Program for 2015-16 against the three packages, work on which already has been started while Rs 22 billion has been earmarked in the PSDP 2016-17 for Hakla-D.I.Khan.

The Hakla-D.I.Khan Motorway (CPEC) project envisages construction of 285km 4-lane Expressway from Hakla on M-1 to DI Khan near Yarik on N-55 as part of western route of the CPEC. The proposed Motorway will be built as a controlled access facility and includes provision of 11 interchanges, 19 flyovers, 15 bridges, 74 underpasses, 259 culverts, and three major bridges; one at River Sawan, second at River Indus and third at River Koram. The proposed Motorway will have 100m wide right of way (ROW) to convert the proposed four lane facility to six lanes in future.

Chairman NHA Shahid Ashraf Tarar chaired the Board meeting where approval of construction of 5 new bridges at a cost of Rs 729 million at different locations along Gilgit-Skardu strategic road was also granted. Chairman NHA in a statement stated that the Authority was committed to fully implement government's vision to establish an efficient and reliable road network across the country.

He said the organization had managed to save over Rs 300 billion to national exchequer in various mega projects through introduction of greater transparency and efficiency in the procurement process.

[Http://Www.Brecorder.Com/Business-And-Economy/189:Pakistan/87611:Cpecs-Western-Route-Nha-Approves-Construction-Of-Hakla-Pindi-Gheb-Section/?Date=2016-09-24](http://www.brecorder.com/business-and-economy/189:pakistan/87611:cpecs-western-route-nha-approves-construction-of-hakla-pindi-gheb-section/?date=2016-09-24)

CPEC AND LOOKING NORTHWEST

Dawn, September 25th, 2016

Muhammad Amir Rana

PAKISTAN is under constant diplomatic stress, and needs to come up with some effective responses to counter Indian diplomatic coercion. The country is not lacking in policy and intellectual strength. However, there is a very simple reason for its defensive diplomatic posture: the presence of non-state actors on its soil.

These entities have become a strategic burden for Pakistan and consume a considerable amount of its diplomatic and political energies at the regional and global levels. Prime Minister Nawaz Sharif's speech at the United Nations General Assembly could have been more potent and effective had the attack on the Uri military camp not taken place. Though nothing has been proven yet as to who was responsible, India has reacted as usual by blaming Pakistan.

The recent stand-off with India over the violence in India-held Kashmir, and China's support for Pakistan's stance on the issue were also expected. However, China is also concerned about non-state actors based in Pakistan and considers them a major threat to the security of the economic corridor. The role of these elements in fanning extremist tendencies in the country is also viewed with disquiet by our CPEC partner. The impression that a few banned organisations are as happy about CPEC as the average Pakistani does not please Beijing's intelligentsia. It was irritating for them when the head of a banned organisation announced that his group would provide security to the corridor.

Afghanistan and Iran are not just our neighbours but can also become partners in the economic corridor. In the stressful environment created by India's coercive diplomacy, what could be a source of optimism for Pakistan? The answer is simple: CPEC. The security and political establishments are both obsessed with CPEC for different reasons. While the security establishment is calculating the strategic advantages it will offer, the ruling party is trying to extract maximum electoral campaign leverage from it. Both are treating CPEC as the ultimate solution to most of the country's problems, mainly in the economic sphere. But is it too simplistic to view it as a 'game changer'?

CPEC could indeed be a game changer, but a comprehensive review of internal and regional policies is a prerequisite to enjoy all of CPEC's perceived advantages. Internally, apart from squeezing the space for violent non-state actors, political consensus is an important factor. Continuous political dialogue among all stakeholders, an active Council of Common Interests, and functional parliamentary and bilateral oversight bodies are imperative for CPEC's potential to materialise. However, a review of regional policies is equally critical.

No doubt, India's 'Act East' diplomatic strategy is obsessively becoming Pakistan-centric, in which it considers Afghanistan and Iran as vital partners to hurt Pakistan. Meanwhile, although the latter has been struggling to acquire strategic depth in Afghanistan for many decades, its reactive responses in that country have instead given India the advantage. What Pakistan needs is a new 'north-western policy' to reduce the strategic stress in its northwest as well as to secure CPEC and increase its geoeconomic potential. The policy should focus not only on the relationship with Afghanistan and Iran but also beyond.

There should be no doubt that regional stability linked with peace in Afghanistan and Iran has an important role in consolidating such gains. Afghanistan and Iran are not merely neighbours of Pakistan but can also become partners in CPEC. Many experts in Beijing believe in such a scenario and its potential to guarantee regional stability.

The Pakistan-Iran relationship should now move beyond memorandums of understanding. Both countries have signed hundreds of MoUs for energy, economic, military and cultural cooperation since the 1980s but very few have materialised. On paper, both countries enjoy friendly and brotherly relations but practically speaking, irritants continue to bedevil their relations. Iran has enormous potential to become a functional partner in CPEC as it is already part of the Chinese Silk Road Economic Belt.

The Silk Road train, which connects China's coastal Zhejiang province with Iran, is a manifestation of the two nations' shared aspirations. The first Silk Road train arrived in Tehran on Feb 15 this year after travelling over 10,000km. As per calculated assessments, Iran's involvement in the initiative will boost Pakistan's economic potential and it was hoped that the Iran-Pakistan gas pipeline could become a reality with Chinese funding.

Iranian partnership in CPEC does not require much diplomatic effort, as the country has already shown its willingness to join the project. A statement earlier by the Iranian ambassador to Pakistan was significant, for in it he indicated that the Chabahar port agreement between Iran, India and Afghanistan was "not finished" and "not limited" to these three countries.

He also revealed that the offer to build Chabahar port had first been extended to Pakistan and China, but neither had expressed an interest. The Iranian partnership in CPEC could also make it a partner in securing the corridor from non-state actors in Pakistani Balochistan. To achieve this, however, Islamabad has to review its Middle East policy. Pakistan's relations with Saudi Arabia should not affect its relations with its neighbours and vice versa.

It is important that voices calling for normalising relations with Afghanistan are increasing in Pakistan. The political parties, civil society, and intelligentsia have become vocal supporters of a complete review of bilateral relations between the two neighbours. It cannot yet be said with certainty how the security establishment will look at this growing internal consensus, but this is the time to evolve a realistic framework of engagement with Afghanistan. Islamabad will have to take the initiative.

Certainly, winning the hearts and minds of Afghans would not be an easy task because of historical baggage and multiple other factors. Even though the internal situation in Afghanistan would be quite frustrating, this engagement is essential for improving Pakistan's internal security, enhancing the potential of CPEC, denying space to hostile countries in Afghanistan and, most importantly, for improving its own international image. Afghanistan is the key to Pakistan's better relations with the West. Pakistan can capitalise on a long-term friendship treaty with Afghanistan.

Although reconciliation with its north-western neighbours would not be easy, Pakistan will be a major beneficiary of the process. It will enhance its internal security and economic growth, especially at a time when trilateral, quadrilateral and multilateral initiatives have failed to bring stability to the region.

<http://www.dawn.com/news/1285900>

REVIVING AN OLD ROUTE

The News, September 25, 2016

Alauddin Masood

While both Pakistan and China will be its major beneficiaries, the CPEC is expected to transform communication, economic and cultural landscape in the region and beyond

Pushed by a desire to revive the old Silk Route and establish cost-effective speedier links with the outside world for the export of its merchandise, China has founded its rail links with Afghanistan, Iran, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan, Russia, Spain, and Germany.

The first cargo train from the eastern Chinese city of Yiwu pulled in Hairatan, northern Afghanistan, via Kazakhstan and Uzbekistan, early September this year. The train, carrying goods worth more than \$4 million, such as fabric, clothes and construction material, took just two weeks to arrive at Hairatan from Yiwu, which it left on August 28, 2016.

A single trip is 7,500km long and takes half the time (15 days) needed for maritime transportation. The Chinese city of Yiwu is home to the world's leading small commodities market.

Afghan and Chinese officials believe that Yiwu-Hairatan sector can serve as the best route for the transportation of cargo between the two countries. Initially, the freight trains are expected to carry 45 containers of goods twice a month from the eastern China to Hairatan.

Once inside Afghanistan, the goods will be transported to Mazar-e-Sharif, Afghanistan's second biggest commercial centre near the border with Uzbekistan, through an extended 75 kilometres railway built in 2010 with the Asian Development Bank funding. Mazar-e-Sharif also serves as a logistics hub for the entire Middle East. Leaders of the two countries expect the new route to help upgrade trade cooperation between China and the region.

According to Afghan officials, the opening of the railway-route will give a great boost to their \$600 million export industry, including shipments of saffron, marble, lapis lazuli and high quality Kurk wool. The service is expected to run on a weekly basis by the end of this year.

China can also benefit tremendously from the new rail route as it is being described as the best option for transporting copper from Afghanistan to China. While the Metallurgical Corporation of China received a licence in 2007 to mine the biggest Afghan copper deposit, China National Petroleum Corporation won a contract in 2011 to drill for oil in Afghanistan.

The cargo train between Yiwu-Hairatan is China's fifth cargo train linking Yiwu to Europe or Asia, according to a China Daily report. Cargo train routes already in service connect Yiwu with many countries, including Afghanistan, Iran, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan, Russia, and Spain.

In addition to these train routes, China and Germany are operating the world's longest cargo train transport system, stretching over 11,000 kilometres from China to Europe. These longest cargo trains leave Germany (Europe) for different destinations in China and vice-versa, several times a week, to transport auto components from Leipzig in Germany to Shenyang in China, where an automobile concern manufactures vehicles for the Chinese market.

This 11,000 kilometres long extremely challenging transport chain across four borders, with two changes of rail gauge, has proven to be very stable and reliable. These trains reach their destination in historic Manchuria in 23 days, about half of the time which is normally required for ocean transport.

Recognizing the advantages of land route from China to Europe, some other industries have been transporting computer monitors and notebooks from Chongqing in China to Central Europe.

The rail route is benefitting from the fact that the Chinese metropolis on the Yangtze River, with a population of 30 million, is 2,000 kilometres from the nearest Chinese seaports. Consequently, rail transport has a geographical advantage over conventional ocean transport.

Unlike the automobile transports to China, these transports do not travel on the Trans-Siberian railway, but along a shorter southern route via Kazakhstan.

The Go-West initiative has resulted in rapid developments in Chongqing and the metropolis continues to grow much faster than the Chinese economy as a whole. In order to make the city more attractive, Chongqing is keenly interested in establishing direct land transport connection to various destinations in Europe.

For setting-up and development of rail container transport service between Chongqing and West Europe and between Chongqing and Russia, a joint venture Yuxinou (Chongqing) Logistics Company Limited was established in April, 2012. The Chongqing Transportation Holding (Group) and the state railways of China, Kazakhstan and Russia are all involved in the venture along with DB Schenker of Germany.

In the middle ages, camel caravans carried merchandise, travelling on the Silk Route which connected China, Pakistan, Afghanistan, Central Asian Republics (CARs) and Europe. In his book, 'A History of Civilization,' Fernand Braudel writes: "The Silk Route was run by the same tribesmen who are the truck drivers of today.

According to him, a camel caravan might consist of five or six thousand camels, its total capacity equalling that of a very large merchant ship. It travelled like army, with a leader, a gravels staff, strict rules, compulsory staging posts and routine precautions against marauding nomads. The silk route influenced Europe almost as much as the Arab conquerors, for those caravans transported not just luxury goods, but also ideas, religion, new weapons and scientific discoveries."

But, CARs' occupation by the Czarist Russia in the 19th century and Britain's colonisation of the South Asian Sub-Continent earlier had disrupted the age old cultural, historical and commercial bonds that existed between these regions. Following Soviet Union's implosion in 1991 and emergence of CARs, Central Asia witnessed an upsurge in international prominence in marked contrast to its neglect under the Soviet rule as a faraway, godforsaken place of no serious interest to anyone.

A number of outside powers (neighbouring states of Afghanistan, Pakistan, Iran and Turkey as well as USA, UK, France, Germany, Italy, India, South Korea, Singapore, Japan, Saudi Arabia and Israel) became rapidly involved in influence building in the Central Asia. However, despite vast potential, at present, there is negligible trade between the countries located in Central Asia and South Asia mainly because of turbulence in Afghanistan, intra-region competition, trust deficit, unresolved political disputes, trade policies and poor state of infrastructure in some states.

Central Asia is a resource rich region, in particular in energy for which the growing economies of South Asia have a great appetite, while the latter possess a great potential to provide a range of products to meet the needs of CARs. The CARs also require access to sea for their growing trade, commerce and industry and the nearest ports to them are the Pakistani ports of Karachi and Gawadar, which are barely a thousand mile away. The CARs are just 16 hours by road from Pakistan, through Afghanistan.

Once, China-Pakistan Economic Corridor (CPEC) becomes operational, this time saving, convenient and economical access to the world can make the goods of South Asian states, CARs and western China (Xinjiang) more competitive in the global markets. However, the regional countries would be able to fully exploit their potential for trade only when they are able to stifle the strife in Afghanistan and the unrest in some pockets of northern Pakistan and Balochistan province.

Some quarters believe that the strife in these areas is the handiwork of forces who conceive economically robust China and the rising CARs as threats to their economies. Through some misguided elements or agent saboteurs, these inimical forces are striving to obstruct the revival of the Silk Route and Gawadar seaport's likely benefits to the Afro-Asian economies.

While both Pakistan and China will be its major beneficiaries, the CPEC is expected to transform communication, economic and cultural landscape besides promoting shared progress and development not only for both the neighbouring countries but also of the countries in the region and beyond.

By the end of March, this year, the under-construction CPEC projects provided direct employment to over 6,000 people in Pakistan while these projects are also creating indirect employment and growth opportunities. Likewise, these projects are also creating more employment and growth opportunities for China. For that very reason, Pakistani and Chinese officials call the CPEC projects to be a 'win-win situation' for both the countries.

In a recent report, the media has reported the Assistant Minister for International Department of the Communist Party of China (IDCPC) Central Committee, Li Jun as having said that China was ready to help Pakistan become the next Asian tiger by implementing CPEC effectively.

<http://tns.thenews.com.pk/reviving-old-route/#.V-n8Ev197cs>

PC NOT REFLECTING CPEC, NON-CPEC PROJECTS SEPARATELY

Business Recorder, September 25, 2016

The Planning Commission is not reflecting non-CPEC projects with CPEC projects and working on the projects under the CPEC has been expedited. Project Director/CPEC Co-ordination Dr Zahir Shah said this while talking to Business Recorder Saturday. He said projects under the CPEC are not only funded by China but also the Asian Development Bank (ADB).

When asked about Mansehra-Abbottabad-Havelian-Burhan Motorway pointed out by the Prime Minister in his cabinet meeting as a non-CPEC project that he inaugurated under the understanding that it was a CPEC project, Dr Shah said that it was not part of the CPEC and should have been reflected separately.

Senate Standing Committee on Communication in its meeting on Friday had expressed serious concerns over reflecting non-CPEC projects as CPEC projects and had directed National Highway Authority (NHA) Chairman not to reflect non CPEC projects as CPEC projects. The committee further warned NHA that a Privilege Motion would be moved in case these directives were not followed. The NHA Chairman clarified that Asian Development Bank (ADB) is providing funds for CPEC projects.

Dr Zahir Shah said that Pakistan was negotiating with China on railway projects under the CPEC. "Our Minister of Planning Commission and a delegation of high officials of Pakistan Railway Ministry left from China on Saturday (yesterday) seeking financing for railway projects," he said.

He said that the financing for railway projects is envisaged from (ADB), China and funds allocated for railways under Public Sector Development Program (PSDP). He said that ML-1 project for railway would be completed in various phases.

According to official sources in Railway Ministry, the ADB has started the process to assess the financial needs for upgradation of 461 kms main line (ML-1) between Lahore and Peshawar, under its Central Asia Regional Economic Co-operation (CAREC) Railway Connectivity Investment Programme. They said that the financing is likely to start flowing from next year.

They said that the Ministry of Railways has already shared plans, under early harvest projects by 2020, to upgrade Karachi-Peshawar main line (ML-1) and extension of ML-2 from Jacobabad to Gwadar via Basima to both CAREC and CPEC. They said that if financing was available, the projects would be completed in relatively short time as the Pakistan Railways has technical expertise to execute the projects.

The sources said that ADB will be providing multi-tranche financing facility (MFF) to make the railway system more efficient and competitive. Financial assistance will also be provided for Railways' modernization, IT-based accounting system and transforming and migrating accounting data into the new accounting system, they said.

Pakistan has shared plans to link Gwadar port to Qandahar, Kabul and Dushanbe. The second phase is to link Gwadar with Quetta and onwards to China. Sources added that Pakistan Railways has prepared plans for a rail link between Gwadar port and Mastung, Chaman to Qandahar and rail lines between Qandahar and the Tajik border are also planned.

<http://www.brecorder.com/market-data/stocks-a-bonds/0/87825/>

NEWS COVERAGE PERIOD FROM SEPTEMBER 11TH TO SEPTEMBER 18TH 2016

NA BODY TO INSPECT CPEC PROGRESS IN GWADAR

Dawn September 13th, 2016

Amir Wasim

ISLAMABAD: Members of the National Assembly's Standing Committee on Planning and Development will visit Gwadar in the last week of this month to physically inspect the progress in implementation of the China-Pakistan Economic Corridor (CPEC).

Besides reviewing the progress of work on various projects being executed under the CPEC as well as the Public Sector Development Programme, the committee members will receive a briefing from the federal and provincial authorities on the establishment of a university in Gwadar.

The itinerary and agenda issued by the National Assembly Secretariat shows that the members plan to visit the port city of Balochistan on Sept 27. The members of the committee, headed by Abdul Majeed Khan of the Pakistan Muslim League-Nawaz, will also receive a presentation on the "role, function and funding of University of Turbat and establishment of its campus in Gwadar", according to the agenda.

Gwadar is at the centre of the \$46 billion CPEC project and more than \$1bn worth of projects are to be developed around its port by December 2017.

However, nationalist parties, particularly those belonging to Balochistan and Khyber Pakhtunkhwa, have been expressing their reservations over the corridor projects as they fear that the two provinces may not get as much benefits as promised. These parties accuse the PML-N government of changing the original CPEC plan by altering the route from Gwadar to China in order to provide more benefit to central Punjab areas.

The government has been facing great difficulties in removing the apprehensions of these parties despite the fact that the CPEC is under strict parliamentary scrutiny and at least four committees of the National Assembly and the Senate are simultaneously overseeing it.

Besides the committees of planning and development of the two houses, a special committee of the Senate under veteran Pakistan Peoples Party Senator Taj Haider and a special parliamentary committee under Pakistan Muslim League-Quaid Senator Mushahid Hussain Sayed are also overseeing the implementation of CPEC projects.

The committee headed by Mr Hussain had been formed by the National Assembly speaker under a decision of a multi-party conference held in Islamabad in May last year to build consensus on the CPEC project.

Addressing the participants of the conference, Prime Minister Nawaz Sharif had announced that the corridor's western route would be constructed first for which funds would be released soon. He assured the political leaders that all matters relating the CPEC project would be kept transparent and their reservations would be addressed.

However, time and again, reservations are being raised by some political parties, claiming that the federal government is giving little priority to the western route, compared to the eastern route.

The criticism of CPEC echoed in the Senate last week when lawmakers belonging to the Pakhtunkhwa Milli Awami Party alleged that there had been no progress on the CPEC in the province.

During a debate on the terrorist attack on Quetta's Civil Hospital, senators criticised the prime minister and Army Chief Gen Raheel Sharif for their reported statements that the Quetta incident was an attack on the CPEC. The senators from Balochistan alleged that the CPEC did not exist at all in the province.

On the other hand, the government claims that the CPEC will pass through the entire country and all provinces will benefit from it, particularly the backward areas of Balochistan and KP.

Federal Minister for Planning and Development Ahsan Iqbal has stated on a number of occasions that CPEC is crucial for the country's economic stability and security and, therefore, it should not be made controversial.

<http://www.dawn.com/news/1283736/na-body-to-inspect-cpec-progress-in-gwadar>

SINDH TRAINS, POSTS 168 EX-SERVICEMEN TO GUARD CPEC PROJECTS

Dawn, September 18th, 2016

Hasan Mansoor

KARACHI: Around 168 ex-army personnel out of the planned 2,000 for the 'special protection unit' of the Sindh police have been trained and posted at various locations while nearly 500 more have been selected by the authorities concerned, it was learnt on Saturday.

Officials in the Sindh home ministry said they had recruited the first batch of the planned 2,000 ex-army personnel for the special protection unit (SPU) who had been trained and posted somewhere.

"Some 168 ex-army personnel have been trained and are on duty," said a senior official in the home ministry but he did not provide details.

He said around 487 more had been selected and their medical examination was under way. "Soon, they will be sent for training," he added.

The SPU was set up by the Apex Committee of Sindh on the directives of the federal interior ministry to provide 'seamless security' to the Chinese who are coming to Sindh for projects related to the China-Pakistan Economic Corridor (CPEC).

Interior Minister Chaudhry Nisar Ali Khan said some 2,000 ex-army personnel would be there to strengthen the capacity of the Sindh police and assist in safeguarding the CPEC-related projects.

However, leaders of the Pakistan Peoples Party, including Qamar Zaman Kaira, criticised the interior minister for violating the Constitution by interfering in the law and order issue in Sindh, which is a provincial subject.

Officials said this was not the first time that Sindh police were hiring ex-servicemen as some 1,200 retired soldiers had been recruited two years ago to cope with the security challenges and targeted operations in Karachi.

"Any criticism against the recruitment of retired soldiers for the SPU is uncalled-for as the Sindh police did it previously as well," said an official in Islamabad.

The 1,200 retired soldiers of the armed forces were recruited in line with the decision of the provincial cabinet mainly for security duties in Karachi.

Officials in the Sindh police then had said that the induction of ex-servicemen in its ranks had helped the police as the growing security challenges required a much larger force than the existing one.

They said that the benefit of hiring retired military men was that they were already prepared to join the force with immediate effect and “just need to learn the basics before being inducted”.

The Sindh government said it was ready to take all measures needed to establish an effective SPU for the Chinese investors and their projects.

“The remaining vacancies [in the SPU] will be advertised soon,” said an official in the home ministry.

Chairing a meeting mulling over the security plans for CPEC projects in Sindh, Chief Minister Syed Murad Ali Shah said CPEC would open new vistas of prosperity and development in Sindh like elsewhere in the country.

Officials said the Sindh government had already issued standard operation procedures (SOPs) for the security of the Chinese in the province.

They added that the federal government had also raised a special security division (SSD) consisting of nine infantry combat battalions of Pakistan Army with a force of 9,000 personnel and six wings of civil armed force of 4,502 personnel for the security of CPEC projects and Chinese expatriates.

The provincial government is yet to give its input in the terms of reference for the SSD, under which there would be a dedicated headquarters for each CPEC project.

Officials claim that CM Shah had already directed the Sindh police chief to ensure proper security of CPEC projects and expedite the appointment of 2,000 special force personnel for the security of the Chinese.

<http://www.dawn.com/news/1284511>

NEWS COVERAGE PERIOD FROM SEPTEMBER 5TH TO SEPTEMBER 10TH 2016

MENGAL LIKENS CPEC TO KALABAGH DAM

Dawn, September 5th, 2016

Abdul Wahid Shahwani

Khuzdar: Balochistan National Party-Mengal (BNP-M) president Sardar Akhtar Jan Mengal has said that the China-Pakistan Economic Corridor (CPEC) will turn out to be another Kalabagh dam because of wrong strategy of the government.

He said that the CPEC would deprive smaller provinces of their rights, adding that development based on dishonesty would not be acceptable to the people of Balochistan.

He was speaking at a public meeting held in memory of the victims of Aug 8 Quetta carnage in the Baba-i-Balochistan Football Stadium on Saturday.

Mr Mengal said that the CPEC project was only for Punjab. “The rulers are serving the interest of Punjab and they have no interest in the development of Balochistan.”

Out of \$46 billion to be spent on the project, even \$1bn would not be spent on Balochistan, he claimed. “This development can be for Mir Hasil Khan Bizenjo and me but it will not benefit people of Balochistan.”

He said they could not accept development activities ignoring the province.

He paid tribute to the victims of the Aug 8 Quetta massacre and said that the suicide bombing had targeted lawyers who were providing justice to people of the province.

After the tragic incident, the rulers and security officials had blamed foreign intelligence agencies for the suicide attack, he said and asked: "If foreign agencies were involved in the Quetta carnage, who was behind the mass graves unearthed in Tutak? Who was involved in enforced disappearances of the youth whose bodies were recovered from the mass graves? Why has the report about the mass graves not been made public?"

The BNP-M leader alleged that Baloch people were being portrayed as traitors and terrorists in the textbooks of Punjab. "We accept this allegation but want to know the names of those traitors who were responsible for the creation of Bangladesh," he added.

In an apparent reference to MQM-London chief Altaf Hussain, he said that people wanted to know who had 'created' the leaders now raising anti-Pakistan slogans and why action had not been taken against those who resorted to large-scale killings during the visit of former chief justice Iftikhar Chaudhry to Karachi.

BNP-M secretary general Dr Jahanzeb Jamal dini said that the land of Jhalawan had rendered great sacrifices for the motherland but rulers wanted it to offer more sacrifices.

"We have received around 3,000 bodies of our youths," he said. "The youth of Balochistan do not want to die and all they want is to enjoy life like their counterparts in Punjab," he added.

He said why the rulers could not open talks with Baloch people who were demanding their legitimate rights and their control over their resources.

"No one can be allowed to loot and plunder the resources of Balochistan which belong to its people," Mr Jamal dini said.

Former senator Nawabzada Lashkari Raisani alleged that that state institutions were involved in sectarian and targeted killings in the province.

Asghar Khan Achakzai, the president of the Awami National Party's Balochistan chapter, said that Baloch-Pakhtun unity would remain intact. In the past, he added, the alliance between Bacha Khan and Sardar Attaullah Mengal and Mir Ghous Bukhsh Bizenjo was broken by 'invisible forces'.

<http://www.dawn.com/news/1282166>

SIGNIFICANCE OF CPEC

The Express Tribune, September 5th, 2016.

Sabina Khan

In Pakistan, the significance of the China-Pakistan Economic Corridor (CPEC) is poorly understood. The Straits of Malacca connect China with global trade through an expansive 12,000km sea route. Then, to transport their goods to the Xingjiang region, the Chinese must travel another 3,500km over land.

A quarter of the world's, and most of China's oil, passes through the Straits, whose control is continually challenged for domination by the US Navy and Indian pretensions giving rise to the 'Malacca Dilemma'. The CPEC reduces China's route from the Indian Ocean to 3,000km across Pakistani territory from the Gwadar Port and avoids the Straits altogether.

It facilitates trade by road and rail, while at the same time boosting oil and gas pipelines through infrastructure enhancement. Gwadar has a 200,000 tonne tanker capacity, which presents unmatched opportunities for boosting global economic interactivity within Pakistan.

Located strategically at the tail of the Corridor, yet at the confluence of most of the world's oil-producing states, Gwadar automatically becomes one of the largest transshipment ports. It is envisaged to have an international airport, crude oil refineries and the ability to dock larger ships, turning it into a robust trade and transportation hub.

Apprehensions about interdiction and disruption of the CPEC are understandable, with India, the Middle East and the US, all likely to be affected by the deal. Pakistan can expect to find itself targeted by those focused intently on containing China.

Afghanistan has already threatened to block energy pipelines from Central Asia, quid pro quo for Pakistan blocking land access to India. Fortunately, China has reincarnated the Silk Route through Kyrgyzstan via Kashgar as a way to circumvent Afghanistan. Encouraged by Indian instigation, Afghanistan has now rejected the Durand Line with new vigour, negatively impacting the CPEC by inciting Pakhtun sentiment.

India, too, has rediscovered new urgency to integrate Gilgit-Baltistan into Indian-occupied Kashmir. It envisages severing a Pak-China landconnection and is at pains to present new maps to the world, which project Gilgit as Indian territory, a shameless attempt to shape international opinion.

Also, with its huge coal reserves, the Thar desert in southern Pakistan is another hotspot due to being instrumental in energy generation projects integrated into the CPEC. This area could be uniquely vulnerable to Indian interference. A potential for future conflict looms ominously and puts Pakistan in a dangerous situation, with there being threats at its extremities, i.e., at Gilgit, Thar, as well as the western border.

Pakistan is likely to suffer even more political instability, insurgency, terrorism, ideological conflicts and separatist movements as the CPEC progresses. For its part, Pakistan must become more adept at diplomacy and supplement those efforts with political reforms at home.

If the CPEC is to be a success, the military will play a key role in balancing dynamic responses to repel hostile activity at the limbs while also protecting China's projects from terrorism. The CPEC's security would further benefit by integrating more stakeholders, especially the Balochis, who could significantly benefit from the success of the Gwadar Port but currently feel neglected.

Of the possible foreign partners, Russia is positioned to be a beneficiary of the new trade route and thus makes a natural target for support. Its involvement would be a way to counter the Indo-US nexus.

The competitive nature of the US may even inspire Russia to jump into the fray at some point. No matter how you cut it, the global implications of the CPEC can't be ignored and Pakistan must be prepared to fight on all fronts to achieve success.

<http://tribune.com.pk/story/1175973/significance-of-cpec/>

GB GOVT PLEDGES 'FOOLPROOF' SECURITY FOR CPEC

Dawn September 10th, 2016

GILGIT: The civil and military leadership of Gilgit-Baltistan has pledged to maintain peaceful environment in the region for successful completion of the China-Pakistan Economic Corridor (CPEC) project.

Speaking at the concluding session of a two-day seminar titled 'harmony, tolerance and our duties' held in Karakoram International University (KIU) here the other day, they noted that according to global peace index GB ranked first among most peaceful cities of Pakistan.

On the occasion, Gilgit-Baltistan Chief Minister Hafeezur Rehman said 144 CCTV cameras had been installed in Gilgit city, adding 500 more CCTVs would be installed in the city to keep an eye on suspected persons.

He said suspected people had been included in the scheduled IV whose activities were being monitored. He recalled that Gilgit city was hit by sectarian incidents which claimed hundreds of lives during last seven years.

However, Mr Rehman claimed that peace had now been fully restored in the region as no single sectarian incident was reported since last one and a half year.

He said CPEC project would create economic opportunities for youth of GB, adding action would be taken against those who tried to create disturbance in the smooth sailing of the mega project. He said the KIU should lead from the front in making people aware about the importance of peace in the region.

On the occasion, Commander, Force Command Northern Areas (FCNA), Maj-Gen Syed Asim Munir said GB was on the verge of civil war two years ago, but said peace had fully been restored in GB following vision of Army Chief Gen Raheel Sharif and implementation of the National Action Plan.

"Sectarianism has been curbed, political culture matured, and the law enforcement agencies have been successfully conducting operations against terrorists in Diamer district," he explained.

"The GB high altitude police have been providing foolproof security to tourists at base camps of high peaks," he said

The army officer said law enforcement and intelligence agencies, and local government collectively worked for restoration of peace.

Gen Munir appealed to youth to play their role for maintaining peace in their region. He said GB people were stakeholders of the CPEC, which would bring prosperity to them.

Speaking on the occasion, KIU Vice-Chancellor Dr Asif Khan said despite the GB being a diverse society it remained a peaceful place. "People of the region have collectively defeated foreign aggressions in the past."

He said the varsity had been playing its due role in maintaining religious and sectarian harmony in GB.

The event was jointly organised by International Islamic University Islamabad, and KIU.

Former member of the Council of Islamic Ideology Prof Khalid Mahmud, Dean of Islamic Studies, University of Peshawar, Dr Meraj Islam, and others also spoke on the occasion.

<http://www.dawn.com/news/1283257/gb-govt-pledges-foolproof-security-for-cpec>

October 2016

NEWS COVERAGE PERIOD FROM OCTOBER 24TH TO OCTOBER 30TH 2016

CPEC AND THE PROVINCES

Dawn, October 24th, 2016

Umair Javed

THE government finds itself battling on three fronts. Civil-military relations are said to be at their lowest ebb in years, a main opposition party is gearing itself to lay siege to the capital, and inter-provincial tensions over the distribution of federal resources and CPEC projects are escalating.

The first problem is recurring, and regardless of what many think about it, is largely beyond the control of this or any other civilian government. The second battle, that with Imran Khan on the other hand, is largely of the government's own making. Seven months on from the Panama Papers leaks, the PML-N leadership has done little by way of finding a diplomatic, workable solution to a political problem. The PTI's mobilisation may or may not be destabilising for the country, but in what's often perceived as a winner-take-all political sphere, one can't fault the opposition for trying to carve out an opening for itself. Just like everyone else in the vocation of politics, Imran Khan wants to be prime minister and he'll do whatever it takes to undermine the incumbent's popularity.

The third battle — that of CPEC's distribution — appears to be the least pressing. There's no major ethnic mobilisation taking place, and nationalist leaders in Balochistan and Khyber Pakhtunkhwa are on relatively civil terms with Nawaz Sharif. The PTI government in KP speaks on the issue sporadically, but the party leadership's Punjab-centric orientation makes it a weak candidate to carry the regionalist flag.

While the problem may seem the least pressing at this point, it is one that reflects a particularly deep, historical fracture in Pakistan: centre-province or centre-ethnicity relations. Any reasonable reading of Pakistan's history will tell you that infighting between provincial elites and migrant leaders was the main cause of political stasis in the first few years after independence.

It weakened the civilian dispensation, undermined democracy, and contributed to a centralised, bureaucratised state apparatus that ultimately fell into the hands of the military. The end result was further centralisation, and the exacerbation of regional disparities under Ayub Khan's regime, which led to the secession of half the country.

The 18th Amendment has gone some way in resolving the issue of a centralised, disparity-exacerbating state at two levels. In the first instance, a considerable amount of administrative and fiscal autonomy does stand devolved to the provinces. The effects of this are partially visible: revenue authorities in Punjab and Sindh are aggressively finding new and hitherto untapped avenues for tax farming. All four provincial governments have set up energy companies to resolve the power crisis. KP, in particular, is pursuing a range of projects with multilateral and bilateral donors. To their credit, political elites based in the provinces are slowly learning to cope with greater authority.

At a secondary level, the 'idea' of an 18th Amendment has a visible impact on the country's political culture. The fact that such a constitutional amendment was passed by consensus expands the idea of what is democratically possible in the minds of politicians and activists. Therefore, discursively, the 18th Amendment goes some way in fortifying faith in a federal system of government.

CPEC, however, is a game changer. This phrase is commonly used in one banal sense: so much investment coming in and Pakistan will surely surge to middle-income status on its back. In a slightly less obvious sense is the corridor's game-changing design. CPEC is a state-to-state cooperation agreement. The governments of Pakistan and China are the ones deliberating over its modalities. At our end, multi-party conferences and the occasional chief ministerial-level meetings have no de jure authority over the actual projects. To put this in simpler terms, CPEC is a centralising force in Pakistan's political system that places a lot of eggs in the federal government's basket.

Part of the problem is because of how the civil and military leaderships have built up the almost heroic status of the corridor. Every statement by the national leadership harbours the country at the port of CPEC and all future possibility now appears to stem from Chinese money.

Given this hyperbolic atmosphere, it is only logical that activists who've built their political careers over the rights of particular regions and ethnic groups would become extra aware of the possibility of missing out. The deep mistrust of centralising economic and political power, which has developed over the last seven decades, rears its head once again.

Some of the heightened concerns of provincial activists are fully justified. There is the uncertain fate of the western corridor, which on paper promised connectivity for regions languishing on Pakistan's economic periphery. There is also the issue of a number of projects based in Gwadar that are often packaged as Balochistan's share. Gwadar is, in practice, a federalised and increasingly globalised area. Its day-to-day control rests with the military and the Chinese companies operating its port. In most ways, it promises little and contributes nothing to the rest of the province.

While the Chinese embassy issues placating press statements, managing inter-provincial concerns and perceptions is not their job. It is the job of the federal government, which represents a province that is rightly or wrongly seen as the country's local chauvinist. To this end, it has not done a very good job. Perhaps the biggest reason for this is because it has no incentive to do it. The Chinese are comfortable with the current design, and the ruling party's own electoral incentives are centred in Punjab and thus require little to no consideration of other regions. As far as one can see, Nawaz Sharif does not hate other provinces or ethnicities. He just doesn't have any reason to be magnanimous or considerate. CPEC may very well be an economic game changer, but there are increasing signs that, in this process, it will also unmask some very troubling political wounds.

<http://www.dawn.com/news/1291834/cpec-and-the-provinces>

WHERE'S CPEC IN OUR FDI?

Dawn, Business & Finance weekly, October 24th, 2016

Khaleeq Kiani

Foreign direct investment inflows into Pakistan have maintained a steady decline, from a \$5.2bn peak in 2007-08, for a variety of reasons, but chiefly due to adverse security perception, political instability and governance challenges.

But the further, more than one-third (38pc), slump in net FDI inflows for the first quarter of the current fiscal year surprised many who expected a 'ratchet up' impact due to the beginning of the China-Pakistan Economic Corridor, and the feel-good atmosphere brought about by the improved macro-economic fundamentals created by government circles.

China holds the top slot in terms of FDI contribution to Pakistan, replacing the United States and the UK.

The State Bank of Pakistan reported foreign direct investment for first three months (July-September 2016) at \$249.4m against \$403.3m of same period last year, down 38.2 pc. After adjusting for portfolio inflows and outflows, the total foreign investment in the first quarter of the current fiscal year was reported at \$368.1m when compared with \$793.2m of same period last year, showing a further decline of 53.6 pc.

This should be a cause of concern for all because FDI is not only a source of foreign capital but also a trigger to technology transfer, improvement in managerial skills and market access — all critically important for a higher growth trajectory.

This gets more alarming when other sources of foreign inflows — slowing remittances and falling exports — are also entering the danger zone and the country's debt profile is expanding. Already, the government is reported to have contracted foreign loans about \$15bn greater than targeted in three years as foreign investments and exports failed to support international reserves.

Political uncertainty arising out of repeated attempts to derail the government, volatile cities, energy shortages over a longer period, terrorist activities and the resultant adverse travel advisories for investors from western governments have contributed to the overall investment environment.

Not surprisingly, the country slipped two points to the 138th position among 189 in the World Bank Doing Business Ranking in 2016 from 136th in 2015. According to the IMF "Pakistan's weak business climate continues to constrain

private investment and economic growth” as its ranking in starting a business, getting credit, and trading across borders worsened.

Thus, lengthy procedures and high costs for opening a new business and paying taxes, limited access to credit notably for small and medium enterprises (SMEs), complex border trading requirements, constraints in accessing electricity, and weak contract enforcement continue to weigh on the country’s business climate, which ranks below the South Asia average and comparative emerging markets countries, the IMF observed.

While the government is currently working on reducing procedures for opening new businesses and energy shortages have started to reduce, it is hopeful the low FDI trend would reverse soon.

Miftah Ismail, the chairman Board of Investment (BOI) is equally perplexed over the FDI numbers but believes the dip was an early and temporary phenomenon that would pick up soon as CPEC related projects take off. He hoped the FDI would end up at the very least a 35pc higher than last year.

He said it was also beyond his understanding why numbers were falling. He called a meeting with the SBP and the ministries of finance and commerce to find out if FDI was being correctly recorded or there was a problem in methodology.

He suspected the institutions concerned were only recording the flows in cash and not machinery and equipment, as in case of Chinese projects. However, after reviewing the processes and methodology the BOI chief was convinced there was no problem.

Mr Miftah, however, said some projects like Chashma Nuclear Power Plant were developed through Chinese loans and hence accounted for as foreign debt and not as foreign direct investment. So, FDI data based on two-three months does not depict the true picture because a substantial investment in a given month, or lack of it, could swing the figures either way.

He explained that net foreign direct investment was arrived at after deducting interest payments and profit repatriations by foreign companies with at least 15pc shareholding in local companies. For example, the gross FDI last year was estimated at about \$2.25bn that fell down to \$1.28bn after accounting for about \$1.067bn of interest payment and profit repatriation.

On the other hand, the 1320MW Coal power plant of \$2.5bn and another project at Port Qasim with similar capacity and cost estimates would progress significantly during the current year and add to the FDI number. Also, a \$500m investment in Engro by foreigners will be materialising followed by about \$250m foreign investment in Dawlance as their local sponsors reduce their shareholding.

On top of that, a large multinational company was investing around \$100m in an FMCG while CocaCola was adding its investment by another \$200-300m this year. Nestle has already made some investments and half of that would also be materialising this year. He firmly believed the net FDI at the end of the current year would work out at \$1.8-1.9bn, suggesting around 50pc increase.

Responding to a question, he did not agree that low FDI was also a question mark on the role and performance of the BOI — a one-window facility for attracting and facilitating foreign investment.

He said the BOI had basically two roles including facilitation to foreign investors and holding seminars and soft marketing of Pakistan abroad

On top of that, the BOI has now adopted a new role. For example, as chairman of the BOI he was able to resolve a longstanding dispute with Russian investors that would open up the country for more investment. “Also, we were able to author a new policy for the automobile sector, get it approved and are now working towards its implementation.

“The BOI also has played central role in the preparation of a support package for the export sector that is currently in the approval phase”, he concluded.

<http://www.dawn.com/news/1291819/wheres-cpec-in-our-fdi>

CPEC SHOULD NOT BECOME A BOULEVARD OF BROKEN DREAMS

The Express Tribune, October 24th, 2016.

Faran Mahmood

ISLAMABAD: The China-Pakistan Economic Corridor (CPEC), as part of China’s ‘One Belt, One Road’ agenda, that aims to connect economic clusters along regional transport arteries is expected to boost pro-poor socioeconomic development and lower trade costs.

Though branded as a blueprint to expedite regional integration and cooperation, the CPEC is also a high-risk bet due to Pakistan’s systemic weaknesses in fiscal management and execution of mega projects.

Cost overrun in any mega infrastructure project is a perennial problem globally and in many cases revenues from these projects never cover even baseline project costs.

A simple ‘reference class forecasting’ exercise can reveal that for most projects in CPEC portfolio, costs are systematically underestimated while benefits are overestimated. So in order to prevent CPEC projects getting into cost squabbles, there is a dire need to arrange alternative financing especially from the private sector.

Currently, the lion’s share of CPEC financing is shouldered by Chinese and Pakistani banks.

Yes, some funding for new infrastructure may come from privatisation of existing national assets but it may not be feasible due to political reasons. The government may need to target a class of investors that has long-term financing needs such as insurance companies and pension funds but again, such infrastructure investments are subject to market failures.

The creation of project-based special-purpose vehicles (SPV) is a necessary condition for private sector engagement by ensuring transparency and limiting the government’s ability to channel revenues from ‘star’ projects to ones that get mired in controversies.

Unfortunately, our bureaucracy has not been formally trained in managing corporate affairs and SPVs like Pakistan Power Park Management Company eventually become defunct.

The conundrum of job creation

Rapid influx of foreign exchange in early harvest projects would make rupee stronger but only in the short run. Free trade with China will eventually change our balance of trade drastically in favour of China and projected job loss to China due to trade deficit could go into millions.

The trucking and logistics industry of Pakistan alone will suffer greatly from the inundation of Chinese trucks in Pakistan.

The \$34 billion loan by Chinese government for financing energy projects in Pakistan will end up in the hands of Chinese private companies as they have been awarded all energy contracts.

The International Monetary Fund (IMF) has recently given a heads-up that CPEC-related imports from China and outflow of foreign exchange will eventually exceed committed inflows by the Chinese government.

The bigger question is: Will the agglomeration of industries in Pakistan even happen?

For lesser developed areas in Khyber-Pakhtunkhwa (K-P) and Balochistan, a policy of trade liberalisation will help somehow, but the availability of skilled labour force will remain a crucial factor.

Fragmentation of production and services also depend a lot on the soft aspect of CPEC i.e. standards, governance and time spent at borders.

However the ultimate litmus test for K-P and Balochistan would be to see if government can tackle problems of information asymmetries in market conditions, poorly enforced property rights and a lack of accountability to public.

As of now, in absence of well-thought trade policies, CPEC is merely a transport corridor for China that won't lead to development of new economic clusters in Pakistan.

CPEC appears to be a great success story on paper but let's not forget about its downside.

Pakistan doesn't want to end up like Sri Lanka whose prime minister was told by the Chinese ambassador that "we want our money, not your empty airport" after rejecting an offer of debt-for-equity swap last July.

CPEC should not become a boulevard of broken dreams and that is only possible if our policy makers in the P-block are 'empowered' to do their due diligence.

Transparency is a key to this and bypassing regulatory bodies such as Pepra and Nepra should be avoided at all costs. A policy tunnelling approach by simulating various scenarios and performing distributional analysis can give government a much better picture of 'Pakistan in 2020.'

The writer is a Cambridge graduate and is working as a management consultant

<http://tribune.com.pk/story/1207555/cpec-not-become-boulevard-broken-dreams/>

GOVERNMENT FAILS TO SATISFY OPPOSITION OVER CPEC ISSUES

Dawn October 27th, 2016

Syed Irfan Raza

ISLAMABAD: The government could not satisfy the opposition members about its plan to overcome the electricity crisis and CPEC's western route in the Parliamentary Committee on the China-Pakistan Economic Corridor.

The committee, which met on Wednesday, was briefed on electricity to be generated through CPEC projects, its western route and improvement of the railway system.

Representatives of the opposition parties raised a question about the fate of the route between Dera Ismail Khan and Khunjerab, complaining that no work had been done in the area, although construction of the western route from Burhan, near Islamabad, to D.I. Khan was progressing.

"Officials concerned could not satisfy us as to why work has not started on the remaining portion of the western route," Qaumi Watan Party (QWP) chief Aftab Ahmed Khan Sherpao told Dawn after the meeting.

The officials, he said, insisted that the government was giving priority to the western route despite the fact that except road, no other facility — like power plants, railway lines and economic zones — had been planned along the corridor so far.

National Highway Authority (NHA) chairman Shahid Ashraf Tarar briefed the committee on the construction of the western route and claimed that the policy guidelines of conferences of political parties held on May 28, 2015 and Jan 15 this year were being fully implemented.

He said the western route was being given priority and would be completed by August 2018.

Regarding the government's claim that an additional 10,000 megawatts of electricity would be injected into the national grid by 2018, Mr Shaerpao said members of the opposition parties were of the view that except Punjab, all other provinces, especially Khyber Pakhtunkhwa and Balochistan, had a weak power distribution system and lacked the capacity to bear the additional load and supply it to consumers.

Interestingly, the Senate Standing Committee on Planning and Development was informed on Oct 17 that the Gadani power project had been shelved because of the lack of a dedicated jetty, thus 6,000MW of the 10,000MW would not be added to the grid.

Senator Shibli Faraz of the Pakistan Tehreek-i-Insaf (PTI) gave Minister for Planning and Development Ahsan Iqbal some written questions about the western route and power generation. The minister said the answers would be provided by Nov 1.

According to a statement issued by the committee's chairman Mushahid Hussain Syed after the in-camera meeting, Mr Iqbal informed the members that the Joint Coordination Committee (JCC), an apex body on the CPEC, would hold its 6th meeting in Beijing on Nov 28-29. Meetings of the joint working groups will be held in early November.

The minister said five joint Pakistan-China workshops would be held to learn from the Chinese experience in urban and rural development, poverty alleviation and industrial parks.

He said that in accordance with the directives of the parliamentary committee, representatives of all the provinces and Gilgit-Baltistan would be invited to the JCC meeting in Beijing.

Senator Mushahid Hussain said: "The CPEC should move forward with full consensus, transparency and inclusive development, particularly that of the less developed areas like Balochistan, Khyber Pakhtunkhwa, the Federally Administered Tribal Areas (Fata) and GB."

Mr Iqbal said a regional power grid for GB was being established and there were also plans for tourism at Attabad lake, laying an optic-fibre cable on the Khunjerab-Islamabad route, taking initiatives for mining, setting up hydroelectric power projects, upgrading the Karakorum Highway and opening an engineering university and a medical college.

"Every province will have a special industrial zone under the CPEC," he was quoted as saying.

The minister briefed the committee on his recent visit to China, along with Railways Minister Khawaja Saad Rafiq, where a decision was taken for upgrading and dualising the mainline tracks from Karachi to Torkham at an estimated cost of \$8 billion with China's concessional loan of \$5.5bn.

GB Chief Minister Hafiz Hafeezur Rahman, who attended the meeting on special invitation, said the region had the potential to generate over 30,000MW, which should be harnessed.

The secretary for water and power briefed the committee on national power transmission lines and the committee asked the National Transmission and Dispatch Company to provide, in the next meeting, details of the new projects, including their locations, completion time and capacity.

<http://www.dawn.com/news/1292529/government-fails-to-satisfy-opposition-over-cpec-issues>

MURAD WANTS RESERVATIONS OVER SINDH PART OF CPEC ADDRESSED

Dawn, October 29th, 2016

HYDERABAD: Chief Minister Syed Murad Ali Shah has expressed his reservations over the Sindh part of the China-Pakistan Economic Corridor saying that his government will try to attend the CPEC management meeting, to be held by the end of the next month, to get the Keti Bunder included in the corridor and seek due share of the province's industrial sector in the industrial zones to be established under the project.

He was speaking to reporters at the residence of Pakistan Peoples Party parliamentary leader in the National Assembly Syed Naveed Qamar after condoling with him the death of his father, Syed Qamaruzzaman Shah, here on Friday.

Mr Shah said the Sindh government was not against CEPC but just wanted to get the province's due share in it. "The idea of CPEC was conceived when [PPP co-chairman] Asif Ali Zardari was president, who had paid several visits to China to finalise it. We do have reservations over it [CPEC] and have been expressing them from time to time at various forums like the relevant multi-party conference," he said.

The chief minister said that he himself would probably attend the November meeting of the CPEC management, and if he couldn't, then some other senior government functionaries would be there to convince it [to incorporate Sindh's two recommendations into the project]. "I hope the federal government will support us," he said. About the issue of resource distribution between the federal and Sindh governments, Mr Shah said that the "situation has worsened over the last three years as far as the financial transactions between the two sides are concerned because resource constraints are certainly there". There were some issues that used to be raised with the federal government even when there was a PPP-led government at the Centre but it [PPP-led government] had always been considerate towards provincial autonomy as it wanted the provinces to get stronger, he added.

About Prime Minister Nawaz Sharif's announcement, made about two years ago, regarding release of several billion rupees for law & order in Sindh, the CM said that "Sindh has not received a single penny out of it. "[Former chief minister] Syed Qaim Ali Shah had approached the Centre and at one stage, we were told that we [Sindh] will get something in kind and we agreed to it. Actually, we needed weapons [for law enforcers]. Later, we procured weapons from the armed forces," he said.

Mr Shah stated that he did not have any problem with the federal authorities but one thing was clear, that the law & order was a provincial subject. "All federal government [security] agencies work under my command. It's quite clear and should be seen as such," he added.

In reply to a question, the chief minister said that the Sindh government had not taken punitive action like freezing accounts of local government institutions. "Since they have just been in place, they are yet to be provided funds," he said, adding that the matter would be settled within the next few days.

He held out the assurance that the LGs would be given powers as enshrined in the Sindh Local Government Act, 2013, he said it was for the first time that the Sindh Assembly had made legislation for these institutions. Until the law was enacted, they were being run through ordinances which caused an imbalance in resource distribution, he said.

The chief minister told a questioner that the 'provincial finance commission' would be set up soon for which he, in his capacity as the finance minister, had already carried out the groundwork.

<http://www.dawn.com/news/1292884/murad-wants-reservations-over-sindh-part-of-cpec-addressed>

CHINA PAKISTAN ECONOMIC CORRIDOR: 'COMPREHENSIVE INDUSTRIAL DEVELOPMENT CRITICAL TO EXPLOITING OPPORTUNITIES'

Business Recorder, October 30, 2016

Comprehensive and co-ordinated industrial development is imperative to fully exploit the opportunities brewing up in the wake of China Pakistan Economic Corridor (CPEC) and its related projects, said Engineer Muhammad Saeed

Sheikh President Faisalabad Chamber of Commerce and Industry (FCCI). He was addressing a “Consultative workshop on industrial policy and census” organised by the industries, commerce and investment department of the Punjab government.

He appreciated the mega infrastructure project of CPEC and said that no doubt it will be a game changer for the entire region, but we could not afford to ignore such unique opportunities which have potential to transform Pakistan into a dynamic and vibrant business and industrial hub of the region.

He said that in this connection conscious and practical efforts should be initiated without any hesitation and delay. He said that government was already aware of the sensitivity of the energy crisis that has inflicted colossal loss to the national economy during the last 2 decades. He said that government should immediately remove all hurdles hampering industrial development of Punjab by promoting ‘pro-industrial culture’ in all government and semi government departments dealing with industries with clear directions to fully support this important sector and avoid creating unnecessary procedural hurdles for them.

Dilating upon the existing state of affair in industrial sector, he said that the electricity and gas tariff is highest for industries in Pakistan as compared to our neighbouring and regional countries. He said that no doubt government is fully cognisant of this fact and was concentrating on construction of new power plants to meet the energy shortage, the exports are declining for the last three consecutive months and its main reason is high cost of doing business that has made our exportable surplus uncompetitive in the international markets.

He urged upon the government to adopt an industrial friendly policy to provide them uninterrupted gas and electricity throughout the year and at cheaper rates. He was also critical of regular increase in the salaries of unskilled industrial workers and said that government should facilitate them by providing basic amenities on subsidy rates, instead of increasing their salaries.

Engineer Muhammad Saeed Sheikh said that our demand should not be taken as “anti worker”. “We are fully taking care of our workers and in this connection almost all industrialists are paying their dues of Employees Old Age Benefits Institution (EOBI) and social security. However if the impact of annual increase in the minimum wages of unskilled workers is rupee 2 lakh, it jump to rupee 20 thousands when we have to make proportionate increase in the salaries of skilled and already highly paid employees.

He also expressed concern over the poor state of affair in the notified and un-notified industrial areas of the province and said that various departments are actually working to create problems for the industrial sector instead of facilitating them.

He said that industries were always established outside the congested urban areas. “It was in the later phase, that people starts constructing houses in these areas and then industries are asked to shift from the thickly populated areas. He also demanded immediate repair of basic infrastructure in all industries areas including, Khurrianwala Jaranwala, Khurrianwala Sianwala, Khurrianwala Chak Jhumra road and Millat Industrial estate. “These areas should also be notified as industrial estate with allocation of sufficient funds to undertake new development projects in these areas”, he added. He also condemned the actions of sealing industrial units on the petty and minor plea of dengue larva and said that government departments should avoid such harsh steps which are discouraging industrialists to setup new units.

President FCCI paid best tribute to the local industrialists who are actually waging “Jihad” for the economic sovereignty of Pakistan and said that government should also acknowledge their services and facilitate them with proper appreciation and incentives. He said that special measures should also be taken to train our youth so that it could be employed in the hi-tech industries expected to be installed under CPEC agreement. Continuing, Engineer Muhammad Saeed Sheikh told that plots in first and second phase of Faisalabad Industrial Estate Development and Management Company (FIEDMC) have almost been sold out. “The remaining available land should be allocated for the small hosiery, power loom and seizing industries as without these units we cannot properly run the value added textile processing sector”, he concluded.

<http://www.brecorder.com/business-and-economy/189:pakistan/98008:china-pakistan-economic-corridor-comprehensive-industrial-development-critical-to-exploiting-opportunities/?date=2016-10-30>

NEWS COVERAGE PERIOD FROM OCTOBER 17TH TO OCTOBER 23RD 2016

'CPEC COULD BECOME ANOTHER EAST INDIA COMPANY'

Dawn, October 18th, 2016

Syed Irfan Raza

ISLAMABAD: Lawmakers from the upper house on Monday expressed the fear that the China-Pakistan Economic Corridor (CPEC) could turn into another East India Company if the country's interests were not actively protected.

"Another East India Company is in the offing; national interests are not being protected. We are proud of the friendship between Pakistan and China, but the interests of the state should come first," Senator Tahir Mashhadi, chairman of the Senate Standing Committee on Planning and Development, said when some committee members raised the concern that the government was not protecting the rights and interests of the people.

The East India Company was the British trading mission sent to India, which became the precursor to the British colonial presence in the subcontinent, eventually gaining power and overthrowing the Mughals who ruled India at the time.

Following a briefing by Planning Commission Secretary Yousuf Nadeem Khokhar, a number of committee members voiced their fears over what they perceived as the utilisation of local financing for CPEC projects, instead of funding from the Chinese or any other foreign investment. They also expressed concern over the fixing of power tariff for CPEC-related power projects by the Chinese.

Since only one of three Pakistan Muslim League-Nawaz (PML-N) members of the committee was present at the meeting, most of this criticism went unanswered.

Even Senator Saeedul Hassan Mandokhail endorsed the committee chairman's complaints.

The meeting was informed that a major portion of the CPEC depended on local finances rather than Chinese investment.

"It will be very harmful for us if we have to bear the entire burden; will this [project] be a national development or a national calamity? Whatever loans taken from China will have to be paid by the poor people of Pakistan," Mr Mashhadi observed.

Highlighting the status of CPEC-related power projects, the Planning Commission secretary said that the Matiari-Lahore transmission line project had "not been scrapped" and was being pursued by its Chinese sponsors.

Recently, the National Energy Power Regulatory Authority (Nepra) had approved tariff for the project, while the government's Private Power Infrastructure Board had filed a review petition on the tariff in order to address the sponsors' concerns.

At this, Senator Usman Khan Kakar pointed out that Nepra had fixed the power tariff for the project at 71 paisas/unit, while Chinese investors were demanding 95 paisas/unit.

"The government has filed an appeal before Nepra, seeking the increase despite the fact that the burden will be borne by poor consumers," he said.

The secretary also informed the committee that the Gadani power plant complex had been shelved due to the lack of a dedicated jetty.

He also said that the 6,000MW project was not part of the CPEC.

Senator Kakar immediately reacted, saying that despite the fact that the project was not part of the CPEC, Chinese Ambassador Sun Weidong had recently claimed that the Gadani power plant had not been scrapped and was indeed a part of the corridor. “Why is this project, which does not even exist, being counted in our account?” he asked.

He said that the infrastructure being established in Gwadar would only benefit the Chinese and Punjab governments, not the local community. “The people of Balochistan will only get one benefit from this project, which is the water supply,” he said, adding that no electricity or railway projects had been planned for Balochistan under the CPEC.

Senator Mandokhail said that a sense of deprivation was being instilled in smaller provinces. “We do not want the CPEC at the cost of the federation,” he added.

Since Minister for Planning and Development Ahsan Iqbal was not present in the meeting, the senator urged the secretary to advise him to ensure the integrity of the federation.

Senator Mandokhail also accused the Planning Commission of prioritising Balochistan very low on its list, given that it has not representation in the commission itself.

Jamaat-i-Islami Emir Senator Sirajul Haq said that like certain other parts of the country, Fata and AJK were also being neglected in the CPEC. “There is nothing for both areas in the CPEC,” he said and suggested that a 35km road was built to link Muzaffarabad to the CPEC so that the people of AJK could also reap its benefits.

<http://www.dawn.com/news/1290677/cpec-could-become-another-east-india-company>

THE IMF'S MIXED CPEC RANKING

Dawn, Business & Finance weekly, October 17th, 2016

Khaleeq Kiani

Amidst the domestic debate of a political nature over the route and benefits of the China-Pakistan Economic Corridor, the International Monetary Fund has come up with its analysis of the pros and cons of the landmark initiative, with a word of caution.

This is perhaps the first independent scrutiny by a multilateral agency of the \$51.5bn project launched by President Xi Jinping and Prime Minister Nawaz Sharif two years ago.

In a special chapter on the macro-economic impact of the CPEC, in its departing note to Pakistan on the conclusion of the \$6.15bn three year programme, the IMF said the CPEC would boost investment and growth in the short run and entail risks of repayment obligations and profit repatriation in the medium to long term period.

Therefore, it advised Pakistan to manage the initiative carefully and negotiate power sector agreements transparently, to keep their outcomes favourable to the distribution system and affordable to consumers, because of their impact over a period of three decades.

Mainly supported by the investment upturn related to CPEC, the IMF projected Pakistan's growth rate going moderately up to 5pc during current fiscal year. “Medium-to long-term risks could arise from CPEC-related repayment obligations and profit repatriation”, it noted.

The Fund further stated that it was an opportunity for Pakistan to boost investment and growth as it was a large package of investment projects in energy and transport infrastructure, financed by China. The IMF estimated the total size of the CPEC at around \$44.5bn (about 16pc of GDP in 2015-16), of which more than half (\$28bn) is allocated to 'early harvest' projects over the next few years, with the remainder of the investments expected to materialise up to 2030 and beyond.

Of the early harvest projects, about \$10bn is allocated to road, rail, and port infrastructure, which the government plans to execute within its regular development spending envelope. The remaining \$18bn (6pc of GDP) will largely cover energy projects provided through foreign direct investment (FDI).

Some CPEC priority projects are already under way, which contributed to a pickup in FDI, imports of machinery and industrial materials, and the government's external financing in the fiscal year 2015-16.

Financing modalities vary across sectors and projects. In the energy sector, power plant projects will be funded through FDI by Chinese firms, with commercial loans borrowed from Chinese banks. These firms will operate as Independent Power Producers (IPPs) and have their electricity sales guaranteed through pre-negotiated power purchase agreements, including guaranteed tariffs.

In the transport sector, financing will be provided by the Chinese government and state banks mostly as concessional loans. Other, smaller CPEC infrastructure projects are expected to be financed through a mix of concessional loans and grants.

The IMF expected the direct impact on the external balance to be substantial. During the investment phase, as the 'early harvest' projects proceed, Pakistan will experience a surge in FDI and other external funding inflows. A concomitant increase in import of machinery, industrial raw material, and services will likely offset a significant share of these inflows, such that the current account deficit will widen, with manageable net inflows into the balance of payments.

While precise quantification of these impacts was difficult for the IMF due to uncertainty and lack of available information, it noted that CPEC-related capital inflows (FDI and external borrowing) to reach about 2.2pc of the projected GDP in fiscal year 2019-20, and CPEC-related imports to about 11pc of the total projected imports in the same year.

"The broader positive impact on the economy would be considerable", the IMF said. If implemented as envisaged, CPEC could go a long way towards alleviating Pakistan's long-standing supply-side bottlenecks and lifting its long-term potential output.

Priority energy sector projects are expected to add significant power-generation capacity within the next few years, and subsequent energy projects could further expand the capacity over the long term. This would help mitigate Pakistan's chronic electricity load-shedding problem and provide a reliable support for domestic economic activities and exports.

CPEC transport infrastructure projects (e.g. roads, railways, port facility upgrade) would allow easier and lower-cost access to domestic and overseas markets, promoting inter-regional and international merchandise trade. Service exports would also benefit from the increased trade traffic from China. Furthermore, these CPEC projects could catalyse private business investment and boost productivity.

Over the longer term, Pakistan will need to manage increasing CPEC-related outflows. As Chinese IPPs start their operations, profit repatriation by these companies would begin to rise in the subsequent years. While the path and the size of the repatriation would depend on project completion timing and the terms of the power agreements, it could add up to a significant level, given the magnitude of the FDI.

Repayment obligations to CPEC-related government borrowing, including amortisation and interest payments, are expected to rise after fiscal year 2020-21 due to the concessional terms of most of these loans. Combined, these CPEC-related outflows could reach about 0.4pc of GDP per year over the longer run.

Pro-growth reforms and prudent macro-economic policies will be essential in unlocking CPEC's full potential. Supported by increased energy supply and transportation capacity, CPEC has the potential to catalyse higher private investment and exports, which would help cover CPEC-related outflows that are expected over the longer term.

Reaping the full potential benefits of CPEC will require forceful pro-growth and export-supporting reforms. These include improvements in the business climate, and strengthening governance and security. Real effective exchange rate appreciation should be contained by allowing greater downward exchange rate flexibility and keeping inflation well anchored.

Finally, fiscal policy should remain prudent and debt management strengthened to keep the long-term public debt path sustainable. Additional Chinese investment over the long term, building on CPEC as a platform, could also help cover the projected CPEC-related outflows.

Based on this, the IMF advised that sound project management and monitoring systems should be in place to ensure timely implementation and mitigate risks.

“There is a need to ensure sound project evaluation and prioritisation mechanisms based on effective cost-benefit analysis and realistic forecasts of macro-economic and financing conditions”. The procurement process should be transparent and competitive and it's monitoring accountable.

Power purchase agreements with Chinese IPPs should be negotiated with terms that would adequately incentivise investment while ensuring that the cost of generated power remains favourable for the distribution system and consumers. Moreover, capacity improvements in the power transmission network will be needed to keep up with the increasing supply.

It is hoped that the authorities will pay heed to this advice.

<http://www.dawn.com/news/1290465/the-imfs-mixed-cpec-ranking>

PROTESTS NOT AGAINST CPEC, PTI CHIEF ASSURES CHINESE ENVOY

Dawn October 19th, 2016

Khawar Ghumman

ISLAMABAD: Chinese Ambassador Sun Weidong called on Pakistan Tehreek-i-Insaf (PTI) chairman Imran Khan at the latter's Bani Gala residence on Tuesday.

The gist of the meeting, according to PTI sources, was to dispel the impression that the party's ongoing accountability movement against the prime minister was somehow meant to sabotage the China-Pakistan Economic Corridor (CPEC).

The two men had a frank discussion over how Chinese investment was crucial for Pakistan's future and prosperity, sources said.

The PTI leadership waxed lyrical about China's ongoing support for Pakistan at all regional and international forums during the hour-long meeting. In particular, the sources said, PTI leaders talked about how China — through its powerful and unequivocal diplomatic efforts — was defending Pakistan against hostile nations.

The meeting was requested by the Chinese ambassador and also attended by PTI vice chairman Shah Mehmood Qureshi, chief whip in the National Assembly Dr Shireen Mazari and chief spokesperson Naeemul Haq.

Insiders said that the PTI leadership explained the ins and outs of the party's protest movement and its planned lockdown of the capital city on Nov 2. According to party sources, PTI leaders clarified that its planned siege of the city was not meant to derail the present government, the system or create chaos in the country.

There would absolutely be no threat to the diplomatic corps, since the sealing of the city was only meant to force the government into accepting a results-oriented investigation into the Panama Papers leaks, PTI leaders told the Chinese ambassador.

Every now and then, the PML-N leadership has targeted the PTI chairman, saying that his continued protests have delayed ongoing development projects being carried out under the banner of the CPEC. The government, all the way from the prime minister down to his cabinet ministers, could also be heard accusing the PTI chairman of delaying the planned visit of the Chinese president back in Sept 2014.

For independent observers, the meeting carried critical importance in the background of the PTI's plans to shut down Islamabad and its continued reservations over CPEC routes. Only recently, Khyber Pakhtunkhwa Chief Minister Pervez Khattak had again voiced concerns over the way the federal government was ignoring the province in setting up economic zones under the corridor.

Earlier this year, the Chinese embassy in Islamabad — in an unprecedented move — had issued a press statement calling on the political leadership of the country to resolve their issues for the smooth implementation of the CPEC.

However, both the current and former ruling parties of Khyber Pakhtunkhwa — the PTI and the Awami National Party — continue to claim and protest against what they call the unfair distribution of CPEC-linked investment that was flowing into the country.

“Certainly, given the billions of dollars in investment being pumped in by Chinese companies, China will always want political stability in the country,” commented a senior economic reporter, who has covered the regional economy for several decades.

<https://www.dawn.com/news/1290877/protests-not-against-cpec-pti-chief-assures-chinese-envoy>

SUPARCO TO PROVIDE SATELLITE SERVICE TO MONITOR CPEC

Dawn October 19th, 2016

Syed Irfan Raza

ISLAMABAD: The Pakistan Space and Upper Atmosphere Research Commission (Suparco) will provide comprehensive satellite service to monitor the \$46 billion China-Pakistan Economic Corridor (CPEC) and address its security concerns.

This was said by a Suparco delegation during a meeting with President Mamnoon Hussain at the presidency here on Tuesday.

According to a spokesman for the president, Suparco chairman Maj Gen Qaiser Anees Khurram briefed Mr Hussain on the commission's ongoing satellite development projects and its role and contribution in completion of CPEC projects.

The president appreciated the technology-based support the commission is providing to the CPEC in major areas.

The meeting was informed that Suparco was providing complete geo sensing of the entire corridor from Gwadar to Khunjerab (Pak-China border).

The president expressed satisfaction that all related institutions were contributing to completion of projects under the CPEC and said the role of Suparco in this regard was of great significance.

He also praised the role of Suparco in the country's economic progress and development and said the commission needed to brief government departments on its capabilities for optimum utilisation of its expertise in agriculture, water resources, healthcare, education, disaster management and environment monitoring. Suparco should also promote awareness among the public about usefulness of space technology.

The president said the CPEC would pave the way for economic development not only of Pakistan but also of the whole region, adding that immense employment opportunities and other avenues for economic progress would be created.

A source in the presidency said that Suparco's satellite service would help secure those CPEC areas which were vulnerable to terrorist attacks and criminal activities. He said Prime Minister Nawaz Sharif and President Hussain would have access to the satellite service and would be able to monitor CPEC projects on their computers. The service would also help curb encroachments and land grabbing along the corridor, the source added.

The Senate's Standing Committee on Planning and Development was on Monday informed that people had started encroaching land along the CPEC and settling there and it would be difficult for the authorities to remove them.

The satellite service will help monitor the pace of infrastructural development like construction of roads and establishment of power generation units and economic zones along the corridor.

A Special Security Division (SSD) comprising over 4,500 security personnel is being established to ensure security of CPEC-related projects and Chinese nationals. The terms of reference for the division are being prepared, which will be discussed with the provinces.

The planning and development ministry has allocated one per cent of the total cost of CPEC projects for funding the SSD.

<http://www.dawn.com/news/1290894/suparco-to-provide-satellite-service-to-monitor-cpec>

CENTRE CHEATING PROVINCES ON CPEC, ALLEGES KHATTAK

Dawn, October 19th, 2016

PESHAWAR: Khyber Pakhtunkhwa Chief Minister Pervez Khattak has said that federal government is cheating federating units of the country on China-Pakistan Economic Corridor (CPEC) project.

Talking to participants of National Management Course at Chief Minister Secretariat here on Tuesday, he said that CPEC project was conceptually initiated by Mushrraf-led government but when PML-N came into power, it initiated different projects in Punjab keeping the rest of federating units in darkness.

According to a statement, Mr Khattak said that federal government diverted almost the entire amount of \$46 billion to projects in Punjab.

He said that work on western route should be initiated and completed first. The western route should be notified as integral part of CPEC, he added.

The chief minister said that he was not against the central route but when it came to the western route, he would never give up. "It is a project that will spell out the future landscape of Khyber Pakhtunkhwa and the entire belt," he added.

Mr Khattak doubted the intentions of the federal government, saying the western route would not benefit the people of Khyber Pakhtunkhwa if it was not used by the Chinese for transportation of goods and services and it did not have all the prerequisites required for a route because the investors would hardly invest there.

“It is strange to see that infrastructure is completed on central route of CPEC but there is no practical work on the western route. It is a joke. It is against the commitment of the prime minister,” said the chief minister. He added that he would fight it out at all forums not only for the western route and rights of the province, but more vociferously they would continue asking the federal government about the cheating.

Mr Khattak said that public access was ensured to the service delivery through Right to Services Act. “There are almost 25 services which would have to be provided to the people within a timeframe. Failure in this regard would be considered a crime,” he said.

The chief minister said that his government formed different boards in all public sector entities to end government’s interference and make those institutions autonomous. He said that government also undertook a monitoring mechanism to ensure presence of teachers and doctors etc at their duty place.

“We also succeeded in enhancing the quality of services and the overall delivery of these services in the education and health sectors and brought them at par with the private sector,” said Mr Khatta.

He said that in future, public sector hospitals would have their own employees including doctors and nursing and auxiliary staff throughout the province.

He also referred to the health insurance scheme launched by his government for the provision of free healthcare to poor people.

Meanwhile, the participants of the 20th Senior Management Course (SMC) on Tuesday visited Khyber Pakhtunkhwa Ehtesab Commission.

Sixteen participants of the course were on a study tour and officials of KPEC briefed them about structure and working of the accountability body.

A statement issued here said that retired Col Sardar Ali, the director investigation of KPEC, briefed the participants about the commission achievements.

He said that commission made remarkable stride in a short span of time despite limited resources.

Lajbar Khan, KPEC special prosecutor, briefed the participants about Pakhtunkhwa Ehtesab Commission Act, 2014. He said that the law would go a long way in dealing with the cases of corruption. Mohammad Sajjad, KPEC acting director general, was also present on the occasion.

<https://www.dawn.com/news/1290907/centre-cheating-provinces-on-cpec-alleges-khattak>

CPEC BENEFICIAL FOR ALL OF PAKISTAN: CHINESE ENVOY

The Express Tribune, 20 October 2016

China is taking an active part in Pakistan’s socio-economic development through the gigantic economic corridor, its top envoy in Pakistan told PTI chief Imran Khan on Tuesday. The ambassador’s remarks to the PTI chief were cited by sources at the embassy.

Chinese Ambassador Sun Weidong took the opportunity to assure Imran that China-Pakistan Economic Corridor was of great significance in enhancing bilateral connectivity, improving people’s livelihood and fostering pragmatic

economic and trade cooperation. Sun also said that CPEC was meant to serve socio-economic interest of Pakistan across the board. All the regions including those in

Khyber-Pakhtunkhwa would benefit from it. He introduced the specific projects undertaken in K-P, making it clear that the corridor passing through western provinces to Gwadar were definitely part of CPEC. He expressed hope that this could help clarify the basic facts about CPEC.

Ambassador Sun further stated that his country highly appreciate the support of all the political parties, including PTI to CPEC, and expressed hope that the consensus on the level of the government and the political parties would be a source of strength in pushing forward their socio-economic partnership to a new height.

“China hopes to see Pakistan achieve stability, development and prosperity. We will support our Pakistani brothers within our capacity for their better future,” he was quoted as saying.

<http://tribune.com.pk/story/1204269/cpec-beneficial-pakistan-chinese-envoy/>

NEWS COVERAGE PERIOD FROM OCTOBER 10TH TO OCTOBER 16TH 2016

MAULANA HAIDERI: CONSPIRACIES AGAINST CPEC 'WILL BE FOILED'

The Express Tribune, October 10th, 2016.

QUETTA: Conspiracies being hatched by India and other elements against the China-Pakistan Economic Corridor (CPEC) project would be foiled, said Deputy Chairman Senate Maulana Abdul Ghafoor Haideri.

He issued the warning while addressing a public meeting in Kalat.

The Secretary General of JUI-F said if India planned to impose war on Pakistan, the entire nation and Army would give a befitting response and would defend every inch of the motherland. He, however, added that India would not go to war with Pakistan as it's a nuclear power.

The deputy chairman strongly criticised the attitude of the Indian prime minister, saying he was the killer of several thousands innocent Muslims in the Indian state of Gujarat.

He also dismissed the Indian army's claim of surgical strike. He reiterated that Pakistan want to resolve all issues through negotiations.

Haidri said that CPEC would open new opportunities of economic development in the entire region and would provide jobs and economic stability to the people of Balochistan.

However, he added that the first right of jobs and other benefits of CPEC should be given to the people of Gwadar and then other areas of Balochistan and Pakistan.

He added that JUI-F will continue its struggle for removing the reservations of the people regarding the corridor project.

<http://tribune.com.pk/story/1196344/maulana-haideri-conspiracies-cpec-will-foiled/>

GOVT ASKED TO FOLLOW CPEC'S ORIGINAL PLAN

Dawn, October 10th, 2016

SWABI: Qaumi Watan Party chairman Aftab Ahmad Khan Sherpao said on Sunday that the federal government should not force the people of Khyber Pakhtunkhwa, Balochistan and Federally Administered Tribal Areas to start a protest march against changes in the original plan of China-Pakistan Economic Corridor (CPEC).

He was addressing a gathering here at Doboian where Noor Mohammad Bacha and his family joined QWP after quitting the Awami National Party.

He said that it was clear to the leaders of all political parties that the original route of CPEC passed through Gwadar, Quetta, Zhob and Dera Ismail Khan. However, he warned that if any change was made now then the federal government would be responsible for the negative consequences.

“Only one province should not get all the benefits of this gigantic project,” he said while referring to Punjab.

The QWP chief said that the federal government had not taken any measures to compensate the Pakhtuns of different regions and the people did not even receive the aid sent by other countries and international donors.

He said that the merger of Fata with Khyber Pakhtunkhwa would end the exploitation of tribal people. “The merger issue should not be politicised by the leaders of political parties. They should sit together and display unity,” he said.

Mr Sherpao appealed to the international community to take notice of the flagrant human rights violations in India-held Kashmir, unprovoked firing and continuous ceasefire violations by the Indian armed forces. He called for early solution of the Kashmir dispute through dialogue.

Abdul Karim, advisor to the chief minister, and other leaders of the party also spoke on the occasion.

<http://www.dawn.com/news/1289143/govt-asked-to-follow-cpecs-original-plan>

PTI WANTS TO BECOME PARTY IN ORANGE LINE TRAIN CASE

Dawn October 11th, 2016

ISLAMABAD: The Pakistan Tehreek-i-Insaf (PTI) intends to become a party in a case relating to the Rs45 billion Orange Line Metro Train (OLMT) project.

PTI's Lahore (urban) president Walid Iqbal filed a petition in the Supreme Court on Monday through his counsel Rashid Hanif to become a party in the Punjab government's appeal against the Aug 19 Lahore High Court judgement halting the construction of the ambitious OLMT.

A five-judge SC bench headed by Chief Justice Anwar Zaheer Jamali and comprising Justices Sheikh Azmat Saeed, Sardar Tariq Masood, Faisal Arab and Ijazul Ahsan will take up the case on Oct 13.

The identical appeals have been moved by the Punjab government, Lahore Development Authority, Punjab Mass Transit Authority and National Engineering Services Pakistan (Nespak) against the high court's order of suspending the construction work within 200 feet of 11 heritage sites.

The LHC issued the order on a petition filed by civil society activist Kamil Khan Mumtaz.

The heritage sites include Shalamar Gardens, Gulabi Bagh Gateway, Buddhu ka Awa, Chauburji, Zebunnisa's Tomb, Lakshmi Building, General Post Office, Aiwan-i-Auqaf, Supreme Court's Lahore registry building, St. Andrews Presbyterian church on Nabha Road and Baba Mauj Darya Bukhari's shrine.

In his petition, Walid Iqbal argued that his presence in the case was necessary in aid of meaningful protection of the rule of law given to the citizens by Article 4 of the Constitution.

The petition contended that the OLMT project threatened national monuments and heritage sites which were a pride for the people of Lahore and an insight into the past glory of their structural, cultural, sculptural, artistic and archaeological skills. These heritage sites are also a source of vision and wisdom of their ancestors.

The petition argued that the provincial government's appeal was not only a matter of national importance governed by the Constitution and national laws, including the Antiquity Act 1975, the Punjab Special Premises (Preservation) Ordinance 1985 and the Punjab Heritage Foundation Act 2005, but also of international significance keeping in mind the Unesco Convention on the Protection of World Cultural and Heritage 1972 under which different historical monuments and sites of Pakistan had been placed on the world heritage list and the Rome Statute of 1998.

All systems of law, which cherished individual freedom and liberty, provided constitutional safeguards and guarantees from any invasion of such freedom, the petition said.

In the joint appeal filed in the Supreme Court on behalf of the Punjab government, senior counsel Khawaja Haris had argued that the contract for civil works on the OLMT project was time bound and, therefore, their completion within the stipulated time was essential.

The scope of civil works involved construction of a metro train corridor (27.1km), including elevated U-shaped viaduct (25.4km), underground section (1.72km), 26 stations (24 elevated and two underground), depots and stabling yards, the appeal said, adding that under the commercial contract the provincial government and its agencies were under obligation to hand over the civil works to the Chinese contractor within 10 months of the commencement date of the contract.

In case of failure, it argued, the Chinese contractor would be entitled to recover liquidated damages at a rate of 0.02 per cent of the contract price of civil works.

Besides, the appeal said, Rs26.8bn of the public money already spent on the civil works would go to waste, adding that if the high court judgement was not suspended the general public and the provincial government would suffer heavily.

<https://www.dawn.com/news/1289409/pti-wants-to-become-party-in-orange-line-train-case>

CPEC PROJECTS, HIGH GROWTH CRUCIAL FOR PROSPERITY: IMF

Dawn, October 14th, 2016

Khaleeq Kiani

ISLAMABAD: In its departing note, the International Monetary Fund (IMF) has asked Pakistan to carefully manage projects under the China-Pakistan Economic Corridor (CPEC) and continue with reform agenda to protect long term consumer interest and ensure greater economic consolidation.

Speaking to Islamabad-based journalists through video-link, IMF's mission chief to Pakistan on completion of three-year \$6.15 billion programme, Herald Finger also said Pakistan needed at least seven per cent economic growth rate annually to help absorb its two million job seekers.

He praised authorities for significantly reducing economic vulnerabilities, but added they needed a lot more to consolidate strengths by reducing public sector losses and increasing tax-to-GDP ratio to free up resources to finance priority development. He said the power sector used to add around Rs200bn a year to the public sector losses which had been reduced around Rs8bn in about two years through improved collection, reduced losses and better efficiency.

Responding to a question, Mr Finger said the recent awards to finance minister Ishaq Dar as 'the best finance minister' and governor central bank Ashraf Wathra as 'governor of the year' had nothing to do with the IMF.

"IMF is not involved" in these awards, said an aide to Mr Finger.

Mr Finger then explained that the organisation that gave award to the finance minister was "an independent publication" as well as the Euromony that gave another award to Mr Wathra.

He said he did not congratulate the finance minister over the award as the minister did not attend annual meetings of the IMF and the World Bank. Interestingly, the official statements had quoted the IMF and the World Bank publication to have given award to the finance minister followed by congratulations by the prime minister and provincial chief ministers and governors.

The IMF mission chief noted a series of ‘significant challenges’. The IMF said the exports were small in relation to GDP and have been declining, private investment (including foreign direct investment) is too low to support higher growth, public debt is still too high. It noted that fiscal revenue while having increased significantly, remained insufficient to support needed spending on public investment, health and education while international reserves, despite having tripled over the course of the programme, remained below comfortable levels.

Also, unemployment remained relatively high at 6pc (10.5pc among the youth and 9.5pc among women), the informal economy remained large while 30pc of the population lived below the poverty line, and income and gender inequality were significant. “Reinforcing macroeconomic resilience and a strong structural reform drive will be important to make further inroads in addressing these challenges”, the IMF stated in its report.

Mr Finger said Pakistan’s real effective exchange rate (REER) was 5-20pc higher according to IMF’s various analytical models that was “negatively affecting trade competitiveness”. He said further accumulation of foreign exchange reserves was needed to bolster external buffers, strengthen investor confidence and support private sector led growth.

Responding to a question, he said Pakistan’s debt had gradually increased that would gradually add to debt repayment but there was no immediate liquidity pressure. “Public debt has remained high and further fiscal consolidation is needed to ensure medium-term sustainability,” the IMF said, adding it increased by about 2.5pc of GDP over the course of the IMF programme and remained high at about 65pc of GDP (430pc of revenue) as of end-June 2016, well above the emerging market average.

The IMF also said Pakistan’s tax-to-GDP ratio also remained below comparator emerging market countries, and advancing reforms of tax policy administration was needed to mobilise additional revenues to support fiscal consolidation and create fiscal space for growth-supporting priority spending. Furthermore, prudently managing current non-priority public expenditures would be important to support medium-term fiscal consolidation.

In its report, the IMF said the public sector accumulated losses from 1.7pc in 2012-13 to 2.3pc of GDP in 2015-16, but the pace of growth had slowed down. The IMF representative also called for rebalancing responsibilities and resources between the federal and provincial governments and greater focus on generating reasonable revenue from agriculture, real estate and services.

Talking about the CPEC, the IMF said if implemented properly the programme could go a long way in alleviating Pakistan’s long-standing supply side bottlenecks and lifting potential output, but over the long term it will need to be managed carefully in terms of outflows and consumer affordability.

As Chinese IPPs start their operations, profit repatriation by these companies would begin to rise in the subsequent years. “Repayment obligations to CPEC-related government borrowing, including amortization and interest payments, are expected to rise after fiscal year 2020-21 due to the concessional terms of most of these loans. Combined, these CPEC-related outflows could reach about 0.4pc of GDP per year over the longer run”.

The IMF said there was a need to ensure sound project evaluation and prioritisation mechanisms based on effective cost-benefit analysis and realistic forecasts of macroeconomic and financing conditions.

“The procurement process should be transparent and competitive, and there is a need to ensure transparency and accountability in project management and monitoring. Power purchase agreements with Chinese IPPs should be

negotiated with terms that would adequately incentivise investment while ensuring that the cost of generated power remains favourable for the distribution system and consumers,” the IMF cautioned.

The fund said the country’s near-term macroeconomic performance would remain robust but poverty and unemployment would remain significant long term concerns. The IMF attributed this improvement to buoyant construction activity, strengthened private sector credit growth, and an investment upturn related CPEC.

<https://www.dawn.com/news/1289773/cpec-projects-high-growth-crucial-for-prosperity-imf>

MENGAL WANTS ALL CPEC ACCORDS MADE PUBLIC

Dawn, October 15th, 2016

GWADAR: All accords signed by the federal government regarding Gwadar and the China-Pakistan Economic Corridor (CPEC) should be made public, said Sardar Akhtar Jan Mengal, chief of the Balochistan National Party-Mengal (BNP-M), on Thursday evening.

He added that it was important to pass legislation which would protect the people of Balochistan and “not let them become a minority in the port city of Gwadar”.

Speaking at a public meeting at the Sorag Dil ground in Gwadar, the party chief said that BNP-M was not against development but would resist any development that would deny the rights of the residents of Gwadar “and convert their majority into a minority”.

The party’s secretary general Senator Dr Jahanzeb Khan Jamaldini, MNA Sayed Essa Noori, MPA Hammal Kalmati and Dr Aziz Baloch also spoke at the public gathering which was largely attended by people from Turbat, Pasni, Khuzdar, Kalat, Hub and parts of Gwadar district.

Sardar Mengal said that his party would not compromise on the rights of the Baloch people and would not hesitate to make sacrifices to protect their honour.

“The party will not withdraw from its struggle for the achievement of legitimate rights of the people of Balochistan, protection of the coast and resources of Balochistan,” he said.

He added that in the name of development Balochistan’s resources were being usurped and “the Baloch people have been turned into slaves”.

According to Sardar Mengal, the “rulers are trying to snatch the sea from local fishermen who have been using it to earn their bread and butter for centuries”. He said that Balochistan had been producing gas since 1952 for the entire country, including Azad Jammu and Kashmir, but Balochistan was deprived of it.

He added that even now, gas was only available in a few cities in the province.

Former chief minister of Balochistan Sardar Mengal discussed the Saindak Copper-Gold Project in Chagai, and said that none of the locals benefited from the gold recovering project.

He said that Gwadar was a gateway to the CPEC and the \$46 billion project was signed because of the port but the people of the port city had been deprived of drinking water and the government had done nothing to resolve this issue.

The BNP-M president said that he had observed some change due to development. He claimed that now checkpoints had been established “and the son of the soil is asked to identify himself and inform them where he is coming from and going”.

Sardar Mengal claimed that all agreements regarding the CPEC were signed by the chief minister of Punjab and included the “Malik of Balochistan” as a witness.

“We want to know all details of the CPEC and other agreements signed by the rulers regarding Gwadar,” he said.

“I demand that all agreements be made public,” he said, adding that whenever “we ask for Balochistan’s share in the \$46 billion project we are told that they are constructing an international airport in Gwadar”.

“Our rulers are pleading the case of Kashmir but not paying any attention to problems being faced by the people of other provinces, including Balochistan, where people are deprived of even basic amenities,” he said.

He reiterated that the party and people of Balochistan were not against development but wanted development on the basis of equality.

“We want development for our fishermen, labourers and the people of Gwadar,” he added.

<http://www.dawn.com/news/1290143/mengal-wants-all-cpec-accords-made-public>

ANP REFUSES TO ATTEND BRIEFING ON CPEC

Dawn, October 15th, 2016

Suhail Kakakhel

NOWSHERA: ANP central president Asfandiyar Wali Khan has rejected federal minister Ahsan Iqbal’s offer to brief the Khyber Pakhtunkhwa Assembly members on the China-Pakistan Economic Corridor project.

“Our (ANP) members of the provincial assembly will not attend Ahsan Iqbal’s briefing on CPEC. We’re ready to discuss our grievances on this multibillion dollar project with Prime Minister Nawaz Sharif again,” he told a public meeting here in Manki Sharif area on Friday.

Noted among participants were ANP central general secretary Mian Iftikhar Hussain, MNA Ghulam Ahmad Bilour, provincial president Ameer Haider Khan Hoti, provincial general secretary Sardar Hussain Babak, leader Aqil Shah and district president Malik Juma Khan.

The public meeting was organised in front of Chief Minister Pervez Khattak’s ancestral house.

Some activists of other political parties also announced the joining of the ANP.

Mr. Asfandiyar said the ANP had postponed agitation against the federal government on the CPEC issue due to the growing Pak-Indian tensions on border.

“We will resume protests if our reservations on the project are not removed,” he warned.

The ANP leader said Pakistan was passing through a critical time of history and faced ‘extreme isolation’ in the region.

“Our isolation could be judged from the postponement of the Saarc summit as member states of the association refused to come to Pakistan,” he said.

Mr. Asfandiyar said the federal government should revisit internal and foreign policies to remove flaws.

He said both Pakistan and India should try to defuse border tensions for peace in the region. The ANP leader said Pakistan couldn't prosper until Afghanistan was prosperous, while Afghanistan, too, needed a prosperous Pakistan for own prosperity.

He alleged that Chief Minister Pervez Khattak had 'deceived' several political parties before joining the PTI and insisted Mr. Khattak would flee Imran Khan's party, too.

Mr. Asfandyar said ironically, Pervez Khattak became member of the provincial assembly on the seat offered by Aftab Sherpao and got a ministry from PPP's Asif Zardari and remained part of the cabinet of ANP's Ameer Haider Hoti for four years.

He said Mr. Khattak left the PPP and cabinet to join the PTI on the 'instructions of hidden forces'.

The ANP leader said Afghan refugees should be sent back in a respectful way as they were brought in by the country.

He said the way Afghans were being repatriated was against the traditions of Pakhtuns.

Mr. Asfandyar said Fata should be made part of Khyber Pakhtunkhwa to end the division of Pakhtuns created during the British rule.

On the occasion, ANP provincial president Ameer Haider Khan Hoti said the provincial government of the PTI had failed to deliver the goods.

He said the PTI hadn't fulfilled the promises made during the 2013 general elections.

Mr. Hoti claimed the ANP would sweep the next general election for working for the rights of the people of the province.

He said Chief Minister Pervez Khattak had failed to deliver both at the province level as well as in his constituency, PK-13.

<http://www.dawn.com/news/1290146/anp-refuses-to-attend-briefing-on-cpec>

NEWS COVERAGE PERIOD FROM OCTOBER 3RD TO OCTOBER 9TH 2016

IMPEDIMENTS TO CPEC PROJECTS

Dawn October 4th, 2016

IT appears the bouquet of power-sector projects under the China-Pakistan Economic Corridor has hit a number of road blocks of late. The latest in a series of snags that these projects have run into is the Matiari to Lahore transmission line, the first private-sector initiative in power transmission that Pakistan has seen.

The line is vital to the overall CPEC vision because it will carry additional power to be generated under numerous other CPEC power-generation projects in Sindh, including Tharparkar and Hub in Karachi. If the line is not built, that additional generation capacity will have no means to get to load centres in Punjab, rendering it redundant.

Given the \$2.1bn cost of the line, the Chinese were asked to build the project, but the tariff that they wanted was higher than what the regulator, Nepra, could allow. The net result has been a stalemate of sorts for almost a year now. In August, Nepra approved a tariff of 71 paisa per unit, but the Chinese want a tariff of 95 paisa instead, 30pc higher, and the government is spinning all its wheels to persuade the regulator to grant the revised tariff.

This is not the first time that we have seen a large CPEC project run into financial difficulties. Earlier, the complex of power plants envisioned at Gadani was scrapped because of the costs of building the jetty. Many investments in the

Quaid-i-Azam Solar Park in Punjab have landed up in litigation because the government cannot honour the upfront solar tariff it offered to woo the Chinese.

A large coal-fired power plant to be built in Kallar Kahar has also been scrapped due to an escalation in cost, while the Thar coal plants have landed up in litigation because of the costs of compliance with environmental regulations.

The fact that all of these were scrapped at advanced stages of execution shows the lack of foresight while highlighting the abundance of triumphant rhetoric under which these projects were being carried out. In almost every case, it is being discovered that the hidden costs are large enough to erode whatever cost advantages the projects are supposed to bring.

Accommodating these costs in every case runs the risk of creating a separate class of investor in the power sector that enjoys privileged access to the sector's resources, from revolving funds to dollar-denominated settlement and a special security force. This situation must be avoided to safeguard the future integrity of power-sector investments.

And the temptation to simply pass all these costs on to the consumers must also be resisted. If the investment coming under CPEC cannot justify itself on financial grounds, then it is worth considering why we should go down this path rather than walk the hard road of power reforms to promote competitiveness instead.

<http://www.dawn.com/news/1287776/impediments-to-cpec-projects>

'MAKE WESTERN ROUTE INTEGRAL PART OF CPEC'

The Express Tribune, October 4th, 2016.

PESHAWAR: Chief Minister Khyber-Pakhtunkwa Pervaiz Khattak asked the federal government on Monday to declare the western route of the multi-billion dollar China Pakistan Economic Corridor (CPEC) as an integral part of the project.

Raising the issue at the All Parties Conference, the K-P chief minister said that the premier had agreed to give the western route of the corridor priority but unfortunately the government's actions suggested otherwise.

"If the prime minister does not stand up to his words it will be a violation of the commitment made at the APC," Khattak said.

He urged the federal government to work on the western route of the CPEC stating that if the western route is ignored it will not only affect the larger aim of building the economic corridor but will also be against national unity.

Khattak said the dubious actions of the government were casting doubts on its intentions on building the western route of CPEC.

"If the western route is not declared part of the CPEC, it would be right to convene an All Parties Conference to form a united front for making the western route the part of CPEC," he said, adding that the government should unequivocally announce its intent to build the western route of CPEC.

The chief minister argued that the western route was of strategic importance to the provinces of K-P and Balochistan who were major stakeholders in the project.

He stated that if the government failed to keep its word the provincial government would protest against it.

Khattak further stated that the government should convene an All Parties Conference on the issue to take all the parties on board otherwise the provincial government would convene a conference to decide on its future course of action, he added.

The chief minister said that the federal government approved a link of motorway from Jhand to Kohat and a rail track from Peshawar to Dera Ismail Khan. “The federal government should make allocation of resources for these projects which had been reflected in the federal Public Sector Development Programme (PSDP),” he added.

<http://tribune.com.pk/story/1193083/casting-doubts-make-western-route-integral-part-cpec/>

‘MAKE WESTERN ROUTE INTEGRAL PART OF CPEC’

The Express Tribune, October 4th, 2016.

PESHAWAR: Chief Minister Khyber-Pakhtunkwa Pervaiz Khattak asked the federal government on Monday to declare the western route of the multi-billion dollar China Pakistan Economic Corridor (CPEC) as an integral part of the project.

Raising the issue at the All Parties Conference, the K-P chief minister said that the premier had agreed to give the western route of the corridor priority but unfortunately the government’s actions suggested otherwise.

“If the prime minister does not stand up to his words it will be a violation of the commitment made at the APC,” Khattak said.

He urged the federal government to work on the western route of the CPEC stating that if the western route is ignored it will not only affect the larger aim of building the economic corridor but will also be against national unity.

Khattak said the dubious actions of the government were casting doubts on its intentions on building the western route of CPEC.

“If the western route is not declared part of the CPEC, it would be right to convene an All Parties Conference to form a united front for making the western route the part of CPEC,” he said, adding that the government should unequivocally announce its intent to build the western route of CPEC.

The chief minister argued that the western route was of strategic importance to the provinces of K-P and Balochistan who were major stakeholders in the project.

He stated that if the government failed to keep its word the provincial government would protest against it.

Khattak further stated that the government should convene an All Parties Conference on the issue to take all the parties on board otherwise the provincial government would convene a conference to decide on its future course of action, he added.

The chief minister said that the federal government approved a link of motorway from Jhand to Kohat and a rail track from Peshawar to Dera Ismail Khan. “The federal government should make allocation of resources for these projects which had been reflected in the federal Public Sector Development Programme (PSDP),” he added.

<http://tribune.com.pk/story/1193083/casting-doubts-make-western-route-integral-part-cpec/>

NEW ERA OF SOCIO-ECONOMIC REVOLUTION BEGINS UNDER CPEC: SHAHBAZ

Business Recorder, October 04, 2016

Punjab Chief Minister Shahbaz Sharif said on Monday that a new era of socio-economic revolution has begun in the country under China-Pakistan Economic Corridor (CPEC). In a statement, Shahbaz said \$46 billion Chinese investment in the country is a proof of trust of foreign investors in the economic policies of Prime Minister Nawaz Sharif.

“Some political elements want to hinder the process of development and prosperity of the people, but the government is determined to complete the CPEC projects at all costs,” the chief minister said. On the other hand, All Pakistan Business Forum (APBF) said that the CPEC is potentially a game-changing move for the country’s economy and all-out efforts must be geared towards making it success as we cannot afford to fall this mega project in the trap of spoilers.

APBF President Ibrahim Qureshi insisted that saner elements must play their role in dismissing the fallacies, if any, about this developmental project, which is going to transform the fortunes of the people of Pakistan. “Caution must be observed to ward off any attempt from any quarter to disrupt the CPEC project,” he added.

He said that CPEC is a pact between Pakistan and China for progressive co-operation in improving Pakistan’s infrastructure and providing employment opportunities. “Pakistan’s political leadership should display political intrepidity, diplomatic acumen and strategic thinking to make the project a success,” he added. “CPEC project should benefit not any foreign multinationals but the people of Pakistan. The provincial and federal governments need to jointly work out a strategy to achieve this objective in consultation with the Chinese government,” Ibrahim Qureshi maintained.

As per APBF, CPEC is a collection of projects currently under construction at a cost of \$46 billion, intended to rapidly expand and upgrade Pakistani infrastructure as well as deepen and broaden economic links between Pakistan and the People’s Republic of China.

<http://www.brecorder.com/business-and-economy/189:pakistan/90733:new-era-of-socio-economic-revolution-begins-under-cpec-shahbaz/?date=2016-10-04>

PA ASKS CENTRE TO HONOUR PROMISE ON CPEC

Dawn October 5th, 2016

Mohammad Ashfaq

PESHAWAR: The members of Khyber Pakhtunkhwa Assembly on Tuesday lashed out at federal government for not honouring its commitment made in the all-party conference about initiating work on western route of China-Pakistan Economic Corridor (CPEC).

The members of the treasury and opposition benches were united in asking the federal government to immediately launch work on western route of CPEC otherwise they could go to any extent for it.

The lawmakers were angry as ambassador of China to Pakistan conveyed to Chief Minister Pervez Khattak a few days ago that there was no western route in CPEC. Senior Minister Inayatullah Khan was the first to draw the attention of the house towards the statement of Chinese ambassador that also appeared in a few newspapers.

“It is injustice with people of Khyber Pakhtunkhwa to exclude the western route from CPEC,” he said while speaking on a point of order. On his request, Speaker Asad Qaiser, who was chairing the session, put off the agenda fixed for the day and allowed the house to debate the new development regarding CPEC.

Federal Minister for Planning and Development Ahsan Iqbal had assured political leaderships in the APC that western route would be part of CPEC but the fresh revelation was shocking, said the senior minister.

He said that although federal government was assuring the provincial government repeatedly that western route was part of CPEC but the statement of Chinese ambassador was an eye opener for everyone in Khyber Pakhtunkhwa.

The senior minister said that such tactics of federal government would weak federating units. “We cannot remain silent anymore on this issue,” he added. He said when people showed concerns over the CPEC, the federal government dubbed them as lobby of India.

PPP parliamentary leader Mohammad Ali Shah said that it was astonishing to know that western route was not part of CPEC despite passage of several unanimous resolutions by that august house.

“PTI has staged sit-in and rallies in various parts of the country for political gains. If it also launches such a movement to have share in CPEC, PPP would fully support the provincial government,” he added.

Bakht Baidar Khan of Qaumi Watan Party said that Punjab was pushing Pakhtuns against the wall. “Pakhtuns have never raised anti-Pakistan slogans and neither degraded its flag but despite that Punjab is deliberately depriving them of their rights,” he added. The QWP leader said that federal government should wisely handle the issue and avoid creating such a situation that could cause division of the nation.

Mufti Syed Janan of JUI-F said that Pakhtuns rendered sacrifices for Pakistan. Recently when tension between Pakistan and India escalated, Pakhtuns were ready to fight alongside army, he said. “But unfortunately Pakhtuns have never been awarded their due rights,” he added. He also criticised provincial government for ‘wasting’ time in staging rallies against the prime minister instead of fighting for the rights of the province.

Shaukat Yousafzai of PTI said that sense of deprivation among small provinces was increasing owing to discriminatory attitude of the federal government. “This is a clear message of Punjab for other provinces that things only it wants would take place,” he said.

Mr Yousafzai said that chief minister was thinking to have a consultation with parliamentary leaders of other political parties to decide whether they should remain on roads or in the assembly.

PML-N lawmaker Sardar Aurangzeb Nalotha said that most of the lawmakers from the treasury benches were absent from the house when such an important issue was being discussed. “It shows seriousness of PTI in CPEC,” he said. He assured the house that PML-N members would support the provincial government in the struggle for its share in CPEC.

Fazl Ilahi, Malik Qasim Khattak and Qalandar Lodhi of PTI; Raja Faisal Zaman of PML-N and JUI-F lawmaker Zareen Gul also spoke on the issue. The chair adjourned the session until Wednesday.

<https://www.dawn.com/news/1288081>

K-P GOVT SEEKS IRONCLAD GUARANTEE ON WESTERN ROUTE

The Express Tribune, October 5th, 2016.

Sohail Khattak

Peshawar: As suspicion deepens on the fate of the China Pakistan Economic Corridor (CPEC)’s western route, the Khyber-Pakhtunkwa Assembly on Tuesday asked the government for a written assurance.

A brawl erupted between the legislators of the ruling Pakistan Tehreek-e-Insaf and Pakistan Muslim League-Nawaz after the former lashed out at the prime minister and the Federal Minister for Planning and Development Ahsan Iqbal for not fulfilling their commitments regarding the western route of CPEC.

Chinese ambassador’s remark that western route does not exist in CPEC has stirred debate across the province, as well as protests.

Jamaat-e-Islami (JI)’s Inayatullah Khan raised the issue and the house was opened for debate suspending the routine agenda for the day.

Inayatullah told the house that Ahsan Iqbal had briefed them and had addressed their reservations regarding the western route of CPEC and the premier had also committed to prioritise the western route in the All Parties Conference (APC).

“We were assured and were told that the western route would get funds in the PSDP but it was shocking when the Chinese ambassador told the chief executive of the province that there is no western route,” he said, adding that they were public representatives and therefore answerable.

“You can’t silence us by blaming that an Indian lobby is against CPEC,” he said.

The provincial minister demanded that the government give a written assurance and the Chinese embassy also give them a verbal statement regarding the western route of CPEC.

On the occasion, Speaker of the house Asad Qaiser also told the PML-N lawmakers that as public representatives they too should demand the federal government to make the western route a priority. “We want to pass a resolution that the Chinese government should publicly announce that the commitments made by the prime minister in the APC and Ahsan Iqbal are part of CPEC,” he added.

Coming to the federal government’s rescue the party’s parliamentary leader in the house Sardar Aurangzeb Nalotha said that hidden hands were against the project.

He told the house that the K-P government was not serious regarding the western route of the project and the empty chairs of the treasury benches proved it. He said that the government lawmakers were only raising the issue for point-scoring because the premier and the development minister had already removed their reservations.

<http://tribune.com.pk/story/1193684/corridor-project-k-p-govt-seeks-ironclad-guarantee-western-route/>

NO CHANGES IN CPEC ROUTE, SAYS AHSAN IQBAL

The Express Tribune, October 6th, 2016.

Islamabad: No changes have been made in the route of the China-Pakistan Economic Corridor (CPEC), said Federal Minister for Planning, Development and Reform Ahsan Iqbal Wednesday.

Criticising political point-scoring over the mega project, he said that some sections are carrying forward a malicious campaign aimed at creating ambiguities about this game changing project.

“After clarification from the Chinese Embassy, there should not be any ambiguity over this issue,” he said in a statement issued here.

The minister said that during the CPEC Summit, held on August 29, all chief ministers expressed support to the project.

In the concluding session of the 5th Joint Cooperation Committee of CPEC, China and Pakistan had developed a consensus on the principle of ‘one corridor with multiple passages’ for CPEC transport planning aimed at benefiting the socio-economic development of Pakistan, especially the western and north-western regions and providing effective connectivity to Gwadar Port.

Iqbal said that work on the western corridor was progressing in full swing and reaffirmed that the route would be completed by 2018. He said that the 650km long Gwadar-Quetta section of the western route would be completed by December 2016, adding that after the route was operational Gwadar would be connected with not only Quetta but also Afghanistan.

The completion of the western route would bring a new era of development and prosperity for the people living in the underdeveloped areas, said the minister. He said that construction work on the 285km DI Khan-Hakla motorway has already commenced.

The completion of N-85 and M-8 highway projects by December 2016, which also forms part of the western corridor alignment, will establish connectivity of Gwadar to the national highway network.

The M-8 section of Gwadar-Turbat-Hoshab (193 Km) has already been completed. M-8 project was approved in March, 1999 and N-85 in 2007 but these road projects remained incomplete till the pace of work on these projects was fast tracked by the present government from 2013 onwards.

<http://tribune.com.pk/story/1194196/clarification-no-changes-cpec-route-says-ahsan-iqbal/>

CPEC: GOVT URGED TO TAKE PROVINCES ON BOARD AT ONCE

Business Recorder, 7, October 2016

KARACHI: President Pakistan Businessmen and Intellectuals Forum (PBIF) Mian Zahid Hussain has urged the government to take provinces on board immediately otherwise the tensions between provinces and the centre will frustrate investors and benefit the enemies of the economic corridor. He said needless secrecy and unilateral decisions could hurt the biggest project in the history of the region.

Those who were raising objections on different facets of CPEC should not be threatened but taken into confidence so that the fate changing project could be completed well in time, he said. Mian Zahid Hussain said that small provinces should be taken on board and their reservations should be tackled properly as soon as possible.

He said despite global recession and slowdown in major economics the CPEC would create seven hundred thousand jobs. The worth of the project was 17 percent of the Pakistan's GDP which would result in rapid growth but it required solidarity and satisfaction of Chinese government as well as local and international investors, he observed.

Chief Minister of Khyber Pakhtunkhwa raised the issue of western route of CPEC during the recently held All Parties Conference which should be enough to judge the severity of the situation while questions regarding benefit to Balochistan and its people are also being asked.

<http://epaper.brecorder.com/2016/10/07/5-page/800473-news.html>

CPEC WON'T PASS THROUGH KP SANS WESTERN ROUTE, SAYS KHATTAK

Dawn October 8th, 2016

Mohammad Ashfaq

PESHAWAR: Khyber Pakhtunkhwa Chief Minister Pervez Khattak on Friday warned his government won't allow the proposed China-Pakistan Economic Corridor to pass through the province if the western route was not made its part.

Sharing the details of his recent meeting with the Chinese ambassador, the CM told the provincial assembly that he asked the envoy if western route was part of the CPEC and got a reply in negative.

He insisted the ambassador again said no when he asked if western route could be made part of the CPEC.

"In such a situation, the CPEC won't pass through KP," he said.

Mr. Khattak told the session chaired by Speaker Asad Qaiser that the CPEC project's execution of the CPEC was very necessary for the development of the country and KP was part of the country.

“We (KP) are part of Pakistan and let us be part of it,” he said.

The CM said Prime Minister Nawaz Sharif had promised that the CPEC’s western route would be constructed before the central route.

“Now, we have learnt that the federal government will construct the western route in the shape of motorway without allied facilities,” he said.

Mr. Khattak said investors won’t bother to put their money on the western route if it was not linked with Gwadar Port and not provided security checks, electricity, railway tracks and fiber optic unlike the central route in Punjab, where all such facilities would be available.

“If only a road is considered the CPEC, then every street of KP is part of the CPEC as there is a road in every street,” he said sarcastically.

The CM said the CPEC was not a small development plan for few years and instead, it would prove a game-changer for the region.

“Big cities would be developed under the CPEC project,” he said.

He said all stakeholders of the CPEC, including China and federal government, should guarantee in writing to his government that the western route is part of the corridor.

Earlier, the assembly unanimously passed a resolution asking the federal government not only to ensure that western route is part of the multibillion dollar CPEC but also prefer it to other projects.

The resolution read out by mines and mineral development minister Aneesa Zeb Tahirkheli demanded that the federal government fulfil all commitments made during the multi-party conference in letter and spirit.

The minister said the provincial government would not be satisfied until the allocation of funds for development projects and their inclusion in the CPEC project as agreed by the federal minister for planning and development Ahsan Iqbal with a delegation of the parliamentary leader of KP.

Through the resolution, the house also demanded of the federal government to fulfil all demands made by the

chief minister in a letter sent to the federal government with the consent of all parliamentary leaders of the provincial assembly.

The minister said the provincial assembly believed that the federal government would approve the above demands and would frame a mechanism for the implementation.

The resolution was signed by several ministers and lawmakers of opposition benches, excluding PML-N.

It was the fifth resolution unanimously passed by the assembly demanding the province’s due share in the CPEC project.

The four other resolutions were passed in the last one year.

The house also passed the Khyber Pakhtunkhwa Blood Transfusion Safety Authority Act, 2016, tabled by law minister Imtiaz Shahid.

The law is meant for regulating the collection, testing, processing and storage of human blood and blood components, as well as the rational use of safe blood and its products including plasma, free from viruses like HIV, Hepatitis B and C, or infective agents like Malarial Parasite and Treponema Palidum (Syphilis), etc for the purpose of transfusion of safe blood in public and private sectors.

Under the law, the Khyber Pakhtunkhwa Blood Transfusion Safety Authority will be established.

The law states that the authority will be a body corporate, having perpetual succession and a common seal, with powers to acquire and dispose of property both movable and immovable.

“The authority will prescribe minimum standards and specification for registration and licensing of the blood banks or regional blood centres. The authority will be responsible to register and issue licenses to blood banks and regional blood center in private sector on payment of such fee and in manner as may be prescribed.”

Under the law, several committees will be established, including technical committee, licensing committee, hospital blood transfusion committee, district blood transfusion committee and grievances redressal committee.

The chair later adjourned the session until Oct 17.

<https://www.dawn.com/news/1288791/cpec-wont-pass-through-kp-sans-western-route-says-khattak>

November 2016

NEWS COVERAGE PERIOD FROM NOVEMBER 28 TH TO DECEMBER 4TH 2016

NEED TO CAPITALISE ON CPEC-RELATED INFRASTRUCTURE, INVESTMENTS

The Express Tribune, November 28th, 2016.

The role of infrastructure in promoting growth cannot be denied. It plays a critical role in competitiveness, economic growth, job creation and poverty alleviation.

According to the World Bank, investment in high quality infrastructure can provide basic services to households, lead to productivity gains for the industry and open corridors for poor and landlocked countries to the global economy. More than 150 years ago where Britain was the leader in the financing of infrastructure, this position has been taken over by China.

Data on China’s global investment and construction activity compiled by the American Enterprise Institute and the Heritage Foundation is evidence of the enormity of the country as an overseas investor.

China has global investments and construction contracts worth \$1.3 trillion in the period from 2005-2016. These are primarily comprised of investments in the energy sector besides spanning in real estate, technology, banking and other sectors.

During 2005-2016, China has undertaken 44 construction contracts in Pakistan worth \$35 billion and 11 investment projects worth \$7 billion. China’s latest initiative in Pakistan called the China-Pakistan Economic Corridor (CPEC) is a flagship project under the country’s larger initiative of ‘One Belt One Road’.

The ‘One Belt One Road’ project aims to make central Asia more connected to the world. Chinese companies have built and funded roads, tunnels and bridges across the region. Chinese investment flowing into Pakistan has also been exhibited by latest data from the State Bank of Pakistan (SBP).

Records on foreign investment show that there has been a significant 48.5% increase in foreign investment in the country during July-October FY17 as compared to the same period last year. This has primarily been attributed to

portfolio investment by China. Most of this investment is coming in the power sector in thermal power related investments.

In fact, CPEC involves a variety of infrastructure and energy projects worth \$50 billion, which are aimed to transform Pakistan's economy. Road infrastructure projects under CPEC include upgrading and extending road networks and railway tracks to connect Kashgar in China's western Xinjiang region to Pakistan's port of Gwadar in Balochistan province.

For China, this would give a huge boost to its trade as increased connectivity would cut the distance between the Persian Gulf and China to a road route of 3,000 km from a shipping route of more than 10,000 km.

Power projects under CPEC aim to add 16GW of generation capacity through over 20 projects worth \$35 billion. Generation is mostly based on coal fired power stations with hydro, wind and solar projects having a smaller share. With a current demand supply shortfall in Pakistan in the range of 4.5-5.5GW building energy infrastructure projects would prove to be beneficial for long term growth as growth has previously been adversely affected by shortfalls in energy.

The financing of CPEC is not entirely clear but would most likely depend on concessionary Chinese loans at under 2% interest rate to Pakistan. This would add to the existing external debt burden which already stands at Rs7.3 trillion (end June 2016) according to data released by the SBP.

This has also been reiterated by Bilal Khan, Senior Economist MENAP at Standard Chartered Bank. He is of the view that CPEC is a great opportunity for Pakistan to address supply side constraints to higher growth. However, he adds a word of caution that once CPEC is operational, managing the associated fiscal and external account risks are critical.

The success of the project lies in how effectively Pakistan capitalises the newly built infrastructure and positions itself as a regional transit hub. Effectively dealing with security challenges is the key to achieving this. It is also of crucial importance that the government builds political consensus and resolves opposition reservations in favour of a larger national interest. The project should unequivocally share gains with all provinces.

<http://tribune.com.pk/story/1246161/diverse-need-capitalise-cpec-related-infrastructure-investments/>

‘CPEC AS VITAL AS COUNTRY’S ATOMIC PROGRAMME’

The Express Tribune, November 29th, 2016.

The China-Pakistan Economic Corridor is as important as Pakistan's atomic programme so we must not politicise the matter just like we avoid politicising the atomic plan.

This was said by Federal Minister for Planning, Development and Reforms Prof Ahsan Iqbal on Monday. He was delivering a lecture on ‘CPEC, its Opportunities, Issues and Priorities’ at Punjab University City Campus.

While addressing the ceremony, Prof Ahsan Iqbal said CPEC was aimed at making economy of the country invincible but some elements were politicising the mega project unnecessarily. He said all the provincial chief ministers had supported CPEC and all provinces would benefit from it.

The minister said South Asia, China and Central Asia were the engines of growth and Pakistan was located in the centre. He said the duration of CPEC project was from 2014 to 2030 which would be completed in phases.

He said the short term projects would be completed by 2020, mid-term programmes by 2025 and long term schemes would be completed by 2030.

He maintained, “We will turn Gwadar into a model port city like Dubai, Hong Kong and Singapore.”

He added an airport, technical university, hospitals etc would be built in Gwadar. He said energy projects would also be set up in the port city.

Ahsan pointed out after completion of energy projects, surplus energy would be produced which would help in provision of electricity at low cost. He said, “We have also enhanced portfolio of energy production and will benefit from coal reservoirs of Pakistan and produce electricity at low cost.”

He said the infrastructure of all the four provinces and Gilgit-Baltistan would improve. He pointed out, “It used to take two days to reach Gwadar from Quetta and now it is just an 8-hour journey.”

The federal minister said some elements in Baluchistan fear that development of infrastructure might improve socio-economic conditions of common people, which would empower people and give them liberty.

He said under the CPEC project, we would set up industrial zones in all the provinces and could not afford political instability in the country. He said the government had allocated more funds for higher education sector. He said earlier Rs100 billion were allocated for the sector but the PML-N government had allocated Rs216 billion.

He said, “We must foil India’s conspiracy of imposing war by adopting a wise strategy because we want peaceful relations with our neighbours.”

While giving a detailed presentation on CPEC, Dr Hafiz Zafar Ahmed said Pakistan was spending 6.67% of its GDP on the project which indicated its importance. He said people of all the provinces would benefit from the project. He said China’s access to Gulf region would be reduced from 12,900 kilometres to 2,500 kilometres and the journey would be reduced from 45 days to 10 days approximately.

The speakers said CPEC was now a reality and collaborations between Pakistani and Chinese companies must be promoted. They said the volume of trade through CPEC was estimated at \$2.5 trillion.

<http://tribune.com.pk/story/1247435/positive-look-cpec-vital-countrys-atomic-programme/>

MURAD WANTS KCR INCLUDED IN CPEC PROJECTS

Dawn, November 30th, 2016

Habib Khan Ghori

KARACHI: Sindh Chief Minister Syed Murad Ali has decided to take up the issue of Karachi Circular Railway (KCR) with Prime Minister Nawaz Sharif to make it part of the China-Pakistan Economic Corridor (CPEC) projects.

Presiding over a meeting on the KCR project at the New Secretariat here on Tuesday, the chief minister said he would write a letter to the prime minister to include the project in the CPEC. He said he would also hold a meeting with the Chinese ambassador and Minister for Planning Ahsan Iqbal in this regard.

Mr Shah said: “Traffic issues in the city are on the rise and turning complicated day by day. Solution to these problems lies in the KCR and Rapid Bus Transport (RBT) apart from effective traffic management, widening of roads and the construction of underpasses and flyovers.”

The chief minister directed the transport department to prepare the KCR case for the CPEC. “I am sure my efforts will produce results,” he added. Earlier while briefing the chief minister on the KCR project, Transport Secretary Taha Farooqui said the length of the project was 43.12 kilometres with 23.86km elevated, 3.7km tunnel and 15.56km surface. The designated speed of KCR trains would be 100km an hour. The KCR, which would have 24 stations across the city, would benefit 0.58 million commuters on a daily basis.

He said that the Japan International Cooperation Agency was considering to provide soft-term loan on a mark up of 0.1 per cent repayable in 40 years, including 10-year grace period. The Karachi Urban Transport Corporation (KUTS) had already been formed and registered with the Security Exchange Commission for implementation of the project, he said.

The cost of land acquisition, compensation to project affected persons, GST, import duties and administrative cost would be borne by stakeholders, he said, explaining that the stakeholders with the equity shares were the Ministry of Railways 60 per cent, the Sindh government 25 per cent and KMC 15 per cent.

After the detailed briefing by the transport secretary Taha Farooqui about the KCR project, its stakeholders and the progress made so far to remove obstacle for initiation its implementation, the chief minister directed transport secretary to explore other donors as well to start the project.

“This is unacceptable that the project has been hanging in the balance since 2008,” he said, while directing his team to talk to local financial institutions and international agencies. “This cannot be delayed further,” he reiterated.

Additional Chief Secretary for Development Mohammad Waseem, Principal Secretary Naveed Kamran Baloch, Finance Secretary Hassan Naqvi, Energy Secretary Agha Wasif, Sindh Engro Mining Company chairman and others also attended the meeting.

<http://www.dawn.com/news/1299495/murad-wants-kcr-included-in-cpec-projects>

CPEC ATTRACTING REGIONAL STATES: PM

Dawn, December 1st, 2016

ISLAMABAD: Prime Minister Nawaz Sharif said on Wednesday that the China-Pakistan Economic Corridor (CPEC) was Pakistan’s strategic economic initiative that had attracted the world in general and regional countries in particular.

“CPEC has changed the negative security narrative into an exceedingly positive economic narrative for Pakistan,” he said while chairing a meeting held to review progress on the corridor.

He said the successful implementation of projects under the CPEC was a manifestation of the friendship between Pakistan and China and its success had been substantiated by massive foreign investment in the country.

The prime minister said there was a compelling reason for international investors to invest in Pakistan because of the success story of CPEC initiatives.

The meeting reviewed the benchmarks set for numerous energy, transport infrastructure and industrial projects. It also discussed the deliverables with particular focus on development of Gwadar port along with socio-economic uplift projects in the area.

The prime minister said China had helped Pakistan in its economic revival at a crucial juncture.

The meeting was informed that energy projects under the CPEC, including coal, hydroelectric, wind and solar power, as well as transmission lines were on track. Besides the infrastructure projects, including road, rail and aviation and data connectivity schemes are being executed simultaneously on a fast track basis.

The meeting was informed that early harvest projects under the CPEC would be completed by 2017-18.

It deliberated on the multiple passages of the CPEC across the country and the prime minister reiterated that no territory would be left behind in reaping the benefits.

The meeting took a significant overview of the Gwadar East Bay expressway; new international airport; freshwater treatment, supply and distribution; technical and vocational institute; Pak-China friendship hospital; free zone and Smart Port City Master Plan projects.

It was emphasised that the local population be given priority while giving incentives for industries.

The participants were apprised of recent developments to boost industrial cooperation with China.

The meeting was also briefed on the steps in place for the safety and security of the Chinese working on the CPEC projects.

Energy, transport infrastructure and industrial cooperation in the long term was also reviewed.

“Our endeavours have started yielding substantive results,” the prime minister said.

He said projects under CPEC had provided an impetus to the energy roadmap of the country.

<http://www.dawn.com/news/1299788>

CPEC CHALLENGE AND OPPORTUNITY

The Express Tribune, December 2nd, 2016.

Talat Masood

The CPEC is a multidisciplinary project where systems integration plays a key role. The CPEC provides Pakistan a unique opportunity to master and upgrade new technologies and improve managerial practices that could find wider application in the country.

The success in achieving this would, however, depend if Pakistan were able to develop dedicated institutions that are in a position to assimilate and transfer this cumulative experience.

With a wider network of roads and highways CPEC would considerably improve connectivity and growth of provinces. The CPEC if implemented faithfully would change the face of Baluchistan and in the long term would be its greatest beneficiary. The central focus is on the development of Gwadar.

Its deep seaport last year was officially leased to China for 43 years until 2059 and is now fully operational. The new airport is also near completion and great emphasis is being laid on improving the infrastructure which likely to attract foreign and local investment.

Interestingly, CPEC could be a major vehicle for promoting good governance through institutional reforms. But at the same time to achieve maximum benefit from the enterprise quality governance is critical. Regrettably, in Pakistan governance remains weak, so for those involved in the project their learning curve will have to be steep.

The question is whether the government is giving sufficient attention to training and employing the right persons for achieving optimum efficiency. It is not that we do not have the potential to develop skills and improve governance but much will depend to what extent the government takes these issues seriously.

There has been criticism by K-P and Sindh leadership on the priority accorded to Punjab in allocation of resources or in the choice of route. First, the decision on these matters was not solely the prerogative of our government. The Chinese have a major say in these decisions and for them early completion of the project and security was a priority.

Chief ministers have every right to advance the interests of their provinces but they should understand that other factors have to be given their due weightage. More importantly, CPEC should not be made controversial. The highest priority is being given to energy and infrastructural projects with an investment of \$34 billion.

As there are several coal based energy plants Sindh was the most appropriate choice for locating them. Vicinity to the Karachi port and its developed infrastructure was another major attraction. This decision should not worry other provinces, as the electric power generated is connected to the national grid and available to all provinces.

The CPEC faces hostility of India and is eyed with suspicion by US and certain Western countries. India misreads Chinese designs and considers that their expanding presence and influence in and around Gwadar are meant to promote their maritime ambitions and economic growth. It is wary that CPEC will bring China and Pakistan even closer and strengthen Pakistan's economy.

United States and the West are also uneasy with the growing influence of China in the region. Pakistan and China have been trying to assure the world that it is essentially an economic project meant to bring prosperity to the region. The projected cost of CPEC is \$76 billion and \$46 billion would be spent on Pakistan.

This is an extraordinary investment that so far has no parallel. It dwarfs the assistance provided by the US since 9/11. The other characteristic of CPEC is that it opens up new vistas for wider cooperation between countries of the region. Thrust of CPEC is to bind regional countries together to bring about an economic transformation through enhanced connectivity. It aims at promoting trade among regional countries.

It is Pakistan's unique advantage of geography that has to be fully exploited to get the best results. Pakistan will be able to link with Central Asian states and beyond. Advantage for China is even greater as through the corridor it gets connected to Africa and Middle East through a much shorter route. China's landlocked western region is home to the Uyghur community and has recently experienced a lot of instability due to the rise of East Turkestan Islamic Movement.

It is expected that economic benefits flowing out of CPEC should help in addressing the grievance of the people of this region. Success of CPEC would require that there is greater synergy between foreign and domestic policies. The state of law and order will have to be better for successful implementation of the project and to earn confidence of China and regional countries.

Whereas, there has been an overall improvement in the security situation but occurrence of minor and major incidents demand greater effort in this direction.

Media will have to play a major role in projecting CPEC for attracting investment and instilling confidence in the international community. The news that the first CPEC specific convoy completed its journey from Xinjiang to Gwadar was well received. There are innumerable tangible and intangible side benefits that need to be publicised.

A very large number of foreign Information Technology companies have expressed interest in the CPEC project. There is, nonetheless, need to curb hype and exaggerated expectations as well. This is a project spread over years fruits of which will take time to materialise.

There has to be a continuous appraisal of the challenges facing CPEC in economic, financial and logistic areas. Human resource development has to be given high priority. At present it is the planning commission and the various committees that are responsible for evaluation. The political and cultural implications also need to be monitored for appropriate and timely response.

Financial transparency is key for gaining confidence of the foreign investor and our people. The government has to be very open about all major and minor transactions that relate to CPEC.

As most of the mega projects are being financed through loans on high interest rates it would be advisable if the government would be more transparent about their feasibility. Concrete steps should be taken to reduce prospects of corruption.

<http://tribune.com.pk/story/1250681/cpec-challenge-opportunity/>

GOVT RELEASES RS1.3 BILLION FOR CPEC SECURITY

The Express Tribune, December 3rd, 2016.

Zafar Bhutta

ISLAMABAD: The government has released Rs1.3 billion to the interior ministry for the security of the multibillion-dollar China-Pakistan Economic Corridor (CPEC) which Pakistan says India is trying to sabotage.

“One per cent of the total cost of projects under the economic corridor is being set aside for CPEC’s security requirements,” a senior government official told The Express Tribune while citing a decision of the Cabinet Committee on Energy.

“Pursuant to the decision, an amount of Rs1.3 billion has been released to the interior ministry,” he added.

“The government has already spent a substantial amount of money on raising additional wings of the civil armed forces in different parts of the country for CPEC’s security. And the money so collected would be transferred to the finance ministry to recoup the cost already incurred.”

“Out of the total cost of \$45 billion meant for CPEC, projects worth \$35 billion have already been energised,” he added. “This means projects of more than 75% of the total value of CPEC have been initiated and are at different stages of implementation.”

“This is a great achievement and the government can justifiably take pride in it,” he said.

He said a monographic study on transport planning of CPEC for the period between 2014 and 2030 had been conducted to establish a convenient, unblocked, safe, highly efficient and comprehensive transport channel with large capacities and coordinated development of many transport modes in western China and Pakistan.

“The study, approved by the Joint Cooperation Committee during its meeting held on November 12 2015, focuses on arterial roads, railways, Gwadar seaport and some airports.

“It identifies priority projects to be completed before 2017-18, short-term projects to be implemented before 2020, as well as medium- and long-term projects covering the period 2025-30.” The official said different transport infrastructure projects were being implemented under CPEC. “Work on the Havelian-Thakot section of the Karakoram Highway will be completed in 2018, while the Multan-Sukkur section of the Karachi-Peshawar Motorway will be completed in 2018.”

Similarly, expansion and reconstruction of the Karachi-Peshawar and Taxila-Havelian rail route or Main Line-1 (ML-1) and a new dry port at Havelian had been initiated, he said.

For both these projects, he added, a framework agreement was under process and financing modalities were being worked out.

The official said the Chinese government had provided either grants or loans on soft term for different projects in Gwadar and added that it was showing keen interest in expediting pace of work on these projects.

“Work on the Gwadar East Bay Expressway and the New Gwadar International Airport is likely to commence in December. Runway at the airport has been designed to accommodate large/wide-bodied aircraft, while the airport terminal would be a modular one and could be expanded with the increase in the number of passengers.”

Other Gwadar projects include provision of freshwater, construction of a 300MW coal-fired power plant, setting up a technical and vocational institute and the Pak China Friendship hospital.

The pilot project of digital television (DTMB or Digital Terrestrial Multiband Broadcast) has been completed at a cost of \$2 million, while work on a cross-border fibre optic (Khunjrab-Rawalpindi) commenced in October 2015 and is likely to be completed in December 2017.

<http://tribune.com.pk/story/1252042/govt-releases-rs1-3-billion-cpec-security/>

NEWS COVERAGE PERIOD FROM NOVEMBER 21ST TO NOVEMBER 27TH 2016

ANTI-STATE ELEMENTS OUT TO MAKE CPEC CONTROVERSIAL: DURRANI

Business Recorder, November 21, 2016

Federal Minister for Housing, Akram Khan Durrani has said that JUI-F is playing crucial role in the implementation of China-Pakistan Economic Corridor (CPEC), but some anti-state elements for the achievement of their nefarious designs are out to make it controversial.

He was addressing the two-day meeting of the JUI-F here Sunday. Central Ameer JUI-F, Maulana Fazal-ur-Rehman and Deputy Chairman, Senate, Maulana Abdul Ghafoor Haidery also addressed the meeting.

The meeting presided over by the provincial ameer, Maulana Gul Naseeb Khan, and attended by members of national, provincial assembly, nazims, naib nazims, members Shura, district ameers, general secretaries. Maulana Shuja-ul-Mulk, Maulana Atta-ul-Haq Darwesh, Maulana Rafiullah Qasmi, Abdul Jalil Jan, Maulana Rahat Hussain, Maulana Ainuddin Shakir, Maulana Aziz Ahmad and Maulana Fazal Mabood were also present on the occasion.

The federal minister said that CPEC would usher industrial and socio-economic revolution in the country. He said that being a part of the government they are persuading it for reforms and guaranteeing the implementation of projects for both government employees and general public through the ministry.

Addressing the participants of the meeting, Deputy Chairman, Senate, Maulana Abdul Ghafoor Haidery said that the historic congregation on the occasion of the centennial celebrations of the JUI-F will prove a new messenger at domestic and world level.

He said that the leadership of JUI-F had always kept the mission of raising voice against cruelties and barbarism alive, saying that the party through waging struggle against exploitative forces had written a new history. He said that during its three-day congregation on April 7, 8, 9, 2017 in presence of millions of people will announce waging practical struggle against cruelties, barbarism and exploitative forces.

Maulana Abdul Ghafoor Haidery said that JUI-F workers from across the country including Azad Kashmir, Gilgit-Baltistan, tribal agencies and from the whole world will participate in the congregation.

<http://www.brecorder.com/general-news/172/105027/>

CPEC PROJECT: NASCENT INDUSTRIES AFRAID OF BIG CHINESE FIRMS

The Express Tribune, November 21st, 2016.

ISLAMABAD: Despite prospects of hefty benefits in many aspects, the business community sees the \$45-billion China-Pakistan Economic Corridor (CPEC) project a threat to the domestic industry if the government does not come up with certain preemptive measures to give protection to vulnerable sectors of the economy.

Some business segments think that the flagship project poses new challenges to the industry in Pakistan, especially those sectors that are at the stage of infancy or smaller in size compared to gigantic Chinese industries.

The industries in China have achieved economies of scale over the years primarily because of a huge domestic market, industrial-friendly policies and scores of incentives from the government.

Apart from CPEC, Pakistan has also not been a major beneficiary of the free trade agreement (FTA) with China as the arrangement gives an edge to Beijing and promotes more imports than exports from Pakistan.

The business community fears that if the corridor is used only for exports from China without giving a fillip to Pakistan's industries by providing a competitive environment, it will prove damaging to the domestic industrial units.

“It is imperative for the government of Pakistan to keep in mind all these factors while negotiating the second phase of the FTA with China,” suggests Atif Iqbal, Executive Director of the Organisation for Advancement and Safeguard of Industrial Sector. He is of the view that in talks with China some leverage should be provided for Pakistan's products to enable the local industry to compete well in the race.

“CPEC can only be beneficial if Pakistan's exports are ramped up with facilitation for the local industry,” he says.

In order to create a win-win situation under CPEC, the two neighbours will have to pave the way for a healthy competition among different industries without cutting roots of each other through unfair price wars or dumping of goods.

A new vision needs to be developed by the two sides who will pledge to facilitate each other's economies.

Individually, in order to shield its infant and vulnerable industries, Pakistan should frame policies in such a manner that these could offer incentives for giving a boost to productivity and pushing exports to China and other markets by taking advantage of the infrastructure being built under CPEC, rather than turning Pakistan into a consumer market.

Owing to electricity and gas shortages, high production costs and the terrorism and extremism threat, the domestic industries have been operating at a disadvantage over the years.

Though some gains have been made on the political and security fronts, the economic indicators have yet to show a marked turnaround. Exports, in particular, are an area of concern as shipments have dwindled to less than \$20 billion from \$24 billion in the past two years and are still falling.

Policy-makers should draft such policies that have a clear roadmap and a growing focus on future developments.

However, before achieving economic stability as well as economies of scale, the domestic industries are direly in need of protection. If the government desires to have sustainable industrial growth, it must not only ensure provision of basic utility services including gas and electricity, but also create an atmosphere conducive for business and strengthen the institutions responsible for keeping a check on unfair trade practices.

Some recent government decisions such as announcement of the Strategic Trade Policy Framework 2015-18 and reactivating the National Tariff Commission are pragmatic steps for improving the situation. However, such policies will only bear fruit when these are implemented forcefully.

The tariff commission needs to be extra vigilant and take immediate notice of unfair trade practices like dumping and subsidisation of foreign goods. The survival of the domestic industry largely depends on price equilibrium in the market.

In the current scenario when free trade accords are increasingly being negotiated and signed, it is imperative for the trade regulatory authorities of Pakistan to stem the unfair trade practices and safeguard the interests of domestic industry.

The business community also wants to see that investigations are conducted timely by the tariff commission for trade remedy, strictly in accordance with the international treaties and commitments. In case of delay, the importers or exporters will take undue advantage by resorting to unnecessary litigation to abuse the process of law as has been observed in the past.

<http://tribune.com.pk/story/1237534/cepec-project-nascent-industries-afraid-big-chinese-firms/>

CPEC TO PROMOTE SOCIAL CONTACTS: ZEHRI

The Express Tribune, November 23rd, 2016.

Mohammad Zafar

QUETTA: Chief Minister Balochistan Nawab Sanaullah Zehri has said that China Pakistan Economic Corridor (CPEC) would become an important source of promoting contacts in the province. "Construction of highways will help strengthen social contacts," he said.

He expressed these views to DS Railway Haneef Gul who called on him here on Tuesday. DS Railway briefed the chief minister about Gwadar Mastung Railway Line, Quetta Mass Transit System and restoration of Sibi Harnai Railway Line. Vice Chairman Board of Investment Khowaja Humayun Nizami was also present in the meeting.

DS railway informed the chief minister that 40% of restoration work of Sibi-Harnai Railway line has been completed, adding that according to the scheduled time this project would have to be completed in 2018 but the pace of work has been expedited and this project would be completed in August 2017.

Vice Chairman Board of Investment and DS Railway briefing the chief minister about their recent visit to Beijing said that it has been decided with the Chinese authorities that the first phase of Quetta Mass Transit Train System's project would be completed by December 2017.

They said that Quetta Mass Transit Train System would be a part of CPEC, and the Chinese authorities are taking deep interest in its construction, terming this project the crown of CPEC.

Zehri said that besides the construction of trade centers in Mass Transit Train System, plantation and greenery on both sides of the tracks should also be included in the project.

He said that the federal government would soon be contacted for the launching of proposed railway line project from Bostan to Zhob.

<http://tribune.com.pk/story/1240149/cepec-promote-social-contacts-zehri/>

'LINK BETWEEN NOORANI BLAST, CPEC PROJECT CANNOT BE RULED OUT'

Business Recorder, November 25, 2016

The government on Thursday informed the Senate that link between Shah Noorani shrine blast and CPEC project could not be ruled out as the terror act took place just a day before the inauguration of Gwadar Port and the first departure of major trade cargo under the project.

State Minister for Interior Balighur Rehman informed the House that the blast had some relation with the Gwadar Port ceremony held on November 13, as it took place just a day before it. "The purpose was to give a message to the world that there is still a volatile security situation in Pakistan when it was achieving a milestone," he said.

Prime Minister Nawaz Sharif on November 13 addressed the grand opening ceremony at the Gwadar Port to mark the operationalisation and opening of trade activities at the port, a key project under the China-Pakistan Economic Corridor (CPEC). The PM also inaugurated the departure of first trade cargo of China under the project, while the blast took place on the evening of November 12 at Shah Noorani shrine, situated in the far-flung area of district Khuzdar, Balochistan.

The minister also informed the House that the incident was a result of the security failure as only one security man was present at the time of incident out of 10 Levies personnel deputed for the security of the shrine. There was no proper mechanism of security checking at the shrine, he said. "The suicide bomber was a young man of 14 or 15 years old. Mostly the devotees belonging to Karachi and interior Sindh visit the shrine," he said.

He said that rush of people increases on weekends at the shrine. He confirmed that as many as 36 people, two from Balochistan and 34 from Karachi and interior Sindh, lost their lives and 54 others got injured. Earlier speaking on an adjournment motion by Baloch Senators Usman Khan Kakar and others about the incident, PPP Senator Taj Haider sought explanation from the government on how such incidents are connected with the move to sabotage the CPEC.

"A parliamentary committee on national security should be formed," he said, adding that security forces can deal with the menace of terrorism but only a political commitment is needed. ANP Senator Daud Khan Achakzai sought formation of a committee to co-ordinate with the provinces and the federal government on security issues.

He said that the federal government has failed to fulfil its responsibility with regard to provision of security to the citizens. He questioned that the interior minister did not bother to come to the house and avoided answering the lawmakers.

PML-N Senator Mushahid Ullah Khan launched an attack on the Pakistan Peoples Party (PPP) for its criticism on the federal government with regard to the security situation of the country and said that security situation in Pakistan is much better today as compared to the previous regime of PPP.

He questioned who formed Al-Zulfiqar, a group declared as a terrorist organisation during then military dictator General Ziaul Haq regime and was propagated as a militant wing of PPP.

<http://www.brecorder.com/general-news/172:pakistan/106762:link-between-noorani-blast-cpec-project-cannot-be-ruled-out?date=2016-11-25>

FUTURE LINKED TO CPEC, PM TELLS TURKMEN PRESIDENT

Dawn November 26th, 2016

ASHGABAT: Prime Minister Nawaz Sharif and Turkmenistan's President Gurbanguly Berdimuhamedov met on Friday and discussed matters of bilateral interest, including the Turkmenistan-Afghanistan-Pakistan-India (Tapi) gas pipeline and re-establishing air links between their countries.

During the meeting, Prime Minister Sharif told the Turkmen leader that the China-Pakistan Economic Corridor (CPEC) would usher in a new era of prosperity in Pakistan and the entire region, said a statement by the Prime Minister House.

"The future of the region's population is linked to CPEC," he said, adding that Pakistan would welcome any country interested in joining the project.

Mr Sharif said that Tapi was an important project which would help in meeting the energy needs of its member countries.

The relations between Pakistan and Turkmenistan were getting stronger by the day. He proposed that high-level meetings be held every year in Islamabad and Ashgabat.

President Berdimuhamedov echoed Mr Sharif's views about the importance of CPEC and said it was a project that would guarantee progress and prosperity in the region.

He lauded the vision of the prime minister and said bold steps had been taken to strengthen Pakistan's economy.

The two leaders also exchanged views on international issues and other issues of mutual interest.

Earlier, Mr Sharif arrived in Turkmenistan's capital to lead his country's delegation to the first Global Conference on Sustainable Transport.

He was accompanied by Adviser on National History and Literary Heritage Irfan Siddiqui and Special Assistant on Foreign Affairs Tariq Fatemi.

The prime minister undertook the visit at the invitation of Turkmenistan's president, who is co-hosting the conference with United Nations Secretary-General Ban Ki-moon.

The conference — likely to be attended by around 1,500 delegates, including heads of state and government, ministers, civil society leaders and the UN officials — will discuss the role of sustainable transport towards achievement of the 2030 Agenda for Sustainable Development.

“Pakistan is keen to improve connectivity with the Central Asian states by establishing transport and communication links. These will be conducive to tapping the potential of trade, economic interaction, people-to-people contacts and tourism,” an earlier statement released by the Ministry of Foreign Affairs said.

<http://www.dawn.com/news/1298708/future-linked-to-cpec-pm-tells-turkmen-president>

BORIS WANTS UK FIRMS PART OF CPEC ACTIVITIES

Dawn November 26th, 2016

Khalid Hasnain

LAHORE: Britain Secretary of State for Foreign and Commonwealth Affairs Boris Johnson has termed the China-Pakistan Economic Corridor (CPEC) a wonder project and desires UK firms to participate in its various construction activities.

“I am very excited about the CPEC idea. And I would like UK firms to participate in the construction of this fabulous venture,” Mr Johnson said while speaking to students and faculty of the Government College University (GCU) here on Friday. “But this should be part of an even more ambitious vision that would revive the ancient Silk route and see the rebirth of trading caravans connecting East and West,” he added.

On a day-long visit to Lahore as a part of his ongoing tour to Pakistan, Mr Johnson said Karachi was even bigger than Lahore with 23 million people, the 6th largest city in the world. “History and location suggest that Karachi should be one of Asia's biggest trading entrepot alongside Singapore or Shanghai.

Boris Johnson delivers a speech in the main hall of the Government College University.— Reuters

“The only way to achieve that goal is closer economic integration. And I believe that Britain can play a part in helping you to realise this vision,” he said. Appreciating development in various sectors, the British foreign secretary said Pakistan had made a huge progress in recent past. “National security has improved and democracy strengthened. This

civilian government took over from another civilian government in a manner that was peaceful and constitutional. But, of course, we all know that Pakistani citizens continue to face a grave threat from terrorism.

He said he felt that as a result, this nation's ambition had too often been held back by rivalry and mistrust. And coming here today, and talking to people, I am increasingly confident and that this will change. "My message to you all is that Britain wants to be with you to make this journey. I believe that bilateral trade between our two countries – just £2.7 billion – is not enough given our closeness," he said.

Mr Johnson said one reason why he was in favour of leaving the EU was that he wanted Britain to widen the horizons of our foreign policy and reinforce our ties with our friends across the world, including Pakistan. "We are not leaving Europe. We will always be part of Europe. I want a global Britain to play an even stronger role on the world stage, maximising our assets as the fifth biggest economy in the world and a permanent member of the United Nations Security Council," he said.

The British secretary of state said next year he looks forward to celebrating Pakistan's 70th anniversary of independence. There is a huge interest in the British Parliament and government in making our relationship even closer. "I want a much more dynamic relationship. And I am excited by the opportunities created by trade and commerce, which should be the central pillars of our friendship, as befits Pakistan's location at the heart of Asia," he said.

Earlier, the GCU Vice Chancellor Prof Dr Hassan Amir Shah welcomed Mr Johnson, took him to a tour of the campus and apprised him about the traditions and excellence of 153 years old educational institution and its role in development of Pakistan.

<https://www.dawn.com/news/1298747/boris-wants-uk-firms-part-of-cpec-activities>

ZEHRI VOWS TO FOIL PLOTS AGAINST CPEC

Dawn November 26th, 2016

Saleem Shahid

Quetta: balochistan chief minister nawab sanaullah zehri has vowed to foil conspiracies against the china pakistan economic corridor (cpec) as it would serve as a lifeline of pakistan's economy.

Speaking to members of the executive committee of the all pakistan newspapers society (apns) on thursday, he said "the elements sitting outside the country" were opposed to this ambitious project.

Among others present at the meeting were provincial ministers sardar aslam bezenjo, sheikh jaffar khan mandokhel, sardar raza muhammad bareach, chief secretary saifullah chatthah and inspector general of police ahsan mehboob.

"elements sitting across the border oppose cpec's implementation because they don't want to see this province and rest of the country make progress," the chief minister said. But the balochistan government, as well as the federal government, were determined to let no hurdle come in the way of cpec, he added.

He alleged that the indian and afghan intelligence agencies were funding "anti-pakistan elements" to realise their designs. "but the government and people of this province have nipped their designs in the bud and the so-called movement for independence is now all but dead."

He said "these elements" had rejoiced over the killing of his son, brother and nephew, but "i refused to bow down and stood my ground".

The chief minister said balochistan was going through tough times as the long borders with afghanistan and iran were in tumult. "but we are confronting this challenge manfully."

He urged journalists to pay frequent visits to quetta in order to observe the “ground realities” and try to portray a “soft image” of the province.

<http://www.dawn.com/news/1298721/zehri-vows-to-foil-plots-against-cpec>

NEWS COVERAGE PERIOD FROM NOVEMBER 14TH TO NOVEMBER 20TH 2016

FIRST SHIP LEAVES GWADAR AMID FANFARE

Dawn, November 14th, 2016

Khurram Husain

CEREMONY and fanfare marked the departure on Sunday of the first vessels from Gwadar port carrying cargoes that originated in China and Pakistan.

Prime Minister Nawaz Sharif assured the nation that “CPEC is for everybody”, trying to remove misgivings in the smaller provinces about the utility of the project.

A short ceremony was held at the port, including speeches, one duet sung by a Pakistani and a Chinese singer and videos produced by the Inter Services Public Relations. After unveiling a plaque, the prime minister and Gen Raheel Sharif stood for a photo op in front of one of the vessels loaded with containers.

Lyrical tributes paid to the corridor project and Pakistan-China friendship sometimes went over the top, sounding part Homer and part Kipling.

In one video, for example, the corridor project was described by the narrator as “giving Pakistan a position no less than that of a jewel in the crown”. It was an awkward choice of words given the colonial past it evokes.

The ceremony was attended, among others, by Gen Rashad Mehmood, Chairman of the Joint Chiefs of Staff Committee; retired Lt Gen Nasser Khan Janjua, Adviser to the Prime Minister on National Security; Lt Gen Aamir Riaz, Commander Southern Command; Jamiat Ulema-i-Islam chief Maulana Fazlur Rehman and Raheela Hameed Khan Durrani, the Speaker of Balochistan Assembly.

The prime minister described the arrival of the convoy as the “break of a new dawn” and “a watershed event”, emphasising that the vision of a shared prosperity that underlies the China-Pakistan Economic Corridor (CPEC) is badly needed in a world torn by conflict.

He also praised the Frontier Works Organisation (FWO) for completing the road network in the face of a harsh terrain and trying weather conditions.

The ISPR videos played during the event described CPEC as the fruit of “Gen Raheel Sharif’s vision”, whereas the prime minister described it as a vision common to Chinese President Xi Jinping’s worldview and the government’s own Vision 2025, “which aims to make Pakistan a hub” of regional connectivity.

He said the federal government had spent Rs49 billion on laying the road network in Balochistan, a part of CPEC.

A day earlier the director general of the FWO told Dawn that Rs35bn had been spent over the past two years on these projects. It is not clear yet where the discrepancy comes from.

The remarks by the Chinese ambassador were more matter of fact. He described the day simply as “of significance to China-Pakistan relations”.

GWADAR: Prime Minister Nawaz Sharif, Army Chief General Raheel Sharif and other guests pictured during launching of trade activities at the port here on Sunday.—APP

“This is the first time that a trade convoy successfully passed through the western part of Pakistan from the north to the south,” he said. “The event proves that the port “has restored its designed handling capacity.

“This is also the first time that China and Pakistan have co-organised a trade convoy through Pakistan to Gwadar port,” the ambassador said.

Several containers that were brought to Gwadar were empty, according to people privy to the arrangements. Pakistan’s persistent trade deficit means that containers regularly accumulate within the country and often have to be shipped out empty.

Three parties came in for special mention during the ceremony. The President of the Gilgit Baltistan Chamber of Commerce, Qurban Ali, was one. He played a role in facilitating the Chinese trucks after their entry into Pakistan, as well as making arrangements to send enough cargoes from Pakistan to China so that sufficient containers would be available in China for the return journey.

The role included helping in clearing of the consignment and transfer of the contents of some of them into Pakistani trucks.

Special permission was obtained from the ministry of communications to allow about 25 Chinese trucks to make the full journey to Gwadar, he said. He put the total number of trucks that entered Pakistan from China at 125.

“We are sitting at the entry point of CPEC,” Qurban Ali told Dawn. “This project could change our destiny.”

He pointed out that a growth in ties was inevitable, although keeping the road open for commercial traffic throughout the year presented some challenges.

An air link between Skardu and Kashgar is also under consideration, as well as between Gilgit and Urumchi, he claimed.

China is also considering building an airport at Tushturghun, the next major stop on the Karakorum highway after it enters China.

Other operators who were awarded for their contribution included Agility, a logistics provider, and the Capital Group of Companies, which helped arrange the empty containers for outward shipment, as well as one of the two vessels berthed at Gwadar port for the exercise.

Sino Trans, a state-owned Chinese logistics provider, arranged for the Chinese shipment. The company’s senior executive was given a chance to speak at the ceremony.

He praised the efforts of the army in arranging the convoy and said it would spur the corridor projects further. “CPEC is a great systematic project,” he observed. “We are still on a journey to discover the internal and external challenges we are facing through this pilot convoy. There is still a lot of work to do, especially in certain regions where people still have apprehensions about the change that CPEC is going to bring for them.”

It took a strong push from the FWO to bring all these parties together and make this convoy possible. Having done so, they have demonstrated the operational viability of the routes and the port.

But the question remains whether the routes and the port used in this exercise will become commercially viable soon enough so that similar traffic can be generated in the absence of a coordinated push, when market forces alone will decide which port to use for outbound cargoes. This question will remain long after today’s vessels have departed.

Addressing the gathering, Balochistan Chief Minister Nawab Sanaullah Khan Zehri said the Gwadar port had become the nerve-centre of the China-Pak Economic Corridor projects being executed in Pakistan.

Mr Zehri said the Army had played an important role in making Gwadar port functional and in execution of projects pertaining to CPEC.

He said that CPEC would not only connect Kashgar to Gwadar but it would also going to become a “game changer” for the entire region.

He said that work on construction of a free trade zone in Gwadar was near completion. “We already have issued SROs for customs and duty exemption in the free trade zone,” he said.

The chief minister said the Balochistan government was enjoying the support of the federal government and China in execution of development projects.

<http://www.dawn.com/news/1296262/first-ship-leaves-gwadar-amid-fanfare>

JI ASKS FOR CENSUS, CLEAR STANCE ON CPEC’S WESTERN ROUTE

The Express Tribune, November 14th, 2016.

Izhar Ullah

PESHAWAR: The Jamaat-e-Islami (JI) has called upon the federal government to conduct a population count and clear its stance on the China-Pakistan Economic Corridor’s western route. The party’s Khyber-Pakhtunkhwa (K-P) chapter on Sunday said that the delay in the population census has deprived the smaller provinces of their financial share.

JI’s provincial Amir Mushtaq Ahmad Khan made the demand during a news conference related to the all parties conference (APC) called by JI on the CPEC at its provincial headquarters.

Mushtaq, along with Finance Minister Muzaffar Said, lamented that the NFC award promised by the federal government is yet to be provided to the province. Mushtaq added that he had no hope of seeing its provision in the near future.

The provincial chief of JI during the press conference briefed the media about the APC which is been scheduled to be held on November 15th. He said that during the APC JI will hope to develop a one point agenda with all the parties. He added that the agenda will focus on the resentment which exists between the provinces about the un-equal distribution of the projects under CPEC.

Mushtaq said, “CPEC is a fortune changer for the country and neglecting smaller provinces in the project will not be tolerated at any cost.” He added that CPEC is not only a road but will bring prosperity for every citizen of the country.

He also revealed that all political parties of K-P have assured that they will participate in the APC. The JI leaders said that the APC will be briefed about the current status of all the routes. He added that the briefing will be done by the party.

Mushtaq appealed to the federal government to provide resources under the National Finance Commission according to the population census.

<http://tribune.com.pk/story/1230132/apc-media-briefing-ji-asks-census-clear-stance-cpecs-western-route>

CPEC SHIPS BEING GUARDED BY NAVY VESSELS

Dawn November 16th, 2016

ISLAMABAD: Two ships carrying Chinese cargo left the Gwadar port under the protection of Pakistan Navy ships for the Middle East and Africa, according to a statement issued by the navy on Tuesday.

The statement said the cargo was brought in from the western Chinese town of Kashgar, under the pilot project of the China-Pakistan Economic Corridor (CPEC), to the Gwadar port located in the southwest tip of Pakistan.

The cargo containers were subsequently put on board the MV Cosco Willington and MV Al Hussein which left the port accompanied by the Pakistani naval ships till they reached the international waters.

The navy, aware of its responsibility to make the maritime component of the CPEC and Gwadar port safe, deployed its ships and aircraft to provide security cover to ensure safe and secure transit of MV Cosco Willington and MV Al Hussein in the international waters, the statement said.

The CPEC project — with an investment of \$46 billion and the Gwadar port as its lynchpin — will be a real game-changer and manifestation of strategic partnership between Pakistan and China.

Cognizant of these challenges, the navy accorded high priority to the security of the maritime components, Gwadar port, its approaches and sea lanes leading to and from the port, the statement added.

With the Gwadar port going into operation the maritime traffic to and from the port is expected to increase. So while providing security to the CPEC on land, maritime security was considered vital for the overall success of the project.

The Pakistan Navy has adopted a multipronged approach to deal with the prevailing challenges such as beefing up security of the Gwadar port, conducting security patrols and coastal exercises, enhancing maritime domain awareness and engaging with other law enforcement agencies, the statement said.

In this context, the navy has remained fully committed and geared up to provide conducive maritime environment for an uninterrupted flow of the maritime trade in the country's exclusive economic zone, added the statement.

<http://www.dawn.com/news/1296678/cpec-ships-being-guarded-by-navy-vessels>

HAS CPEC NOW KICKED OFF?

Dawn, November 17th, 2016

Khurram Husain

NOW that a couple of hundred containers have been loaded onto two vessels at Gwadar port and dispatched to various destinations around the world, can we say that CPEC is up and running? The short answer is no. The long answer is not yet.

The convoy that brought the containers to Gwadar, and the ceremonial send-off at the port with the usual unveiling of plaques, was not a commercial endeavour. It was a forced push, mostly led by the FWO whose DG said he did it to help dampen some of the “despondency” that was beginning to surround the project. Fair enough, the despondency was indeed addressed and a point was indeed made that the roads and the port infrastructure exists to handle this volume of cargo.

But to get an idea of what it took to make it possible, consider a few details. First, the Chinese were apprehensive, feeling that it is not yet commercially viable, and the government too felt it was a little premature to undertake such a task.

The Chinese actually aired their apprehensions briefly when Yuan Jianmen, the executive from Sinotrans, the company that arranged the convoy of goods from the Chinese side, said that “there is still much work to do, especially in certain regions” where people still need to be persuaded of the benefits that CPEC will bring for them.

Next the Chinese raised the point that there are not enough containers available on their side of the border for export shipment from Pakistan, since most of them are booked already, so a special consignment had to be arranged to go to China carrying Pakistani goods just so containers for the return journey would be available over there. The services of a businessman from Gilgit were utilised for the purpose of arranging this consignment of goods.

The convoy of trucks itself had a security escort involving more than a hundred personnel, and as many vehicles as there were trucks. In addition, there was helicopter protection throughout the journey, as well as drone surveillance from above.

The convoy took more than two weeks to reach Gwadar, so stops had to be arranged for such a large number of trucks, which required sleeping arrangements, food and parking space. In some locations, even R&R (if you get my drift) had to be arranged for the drivers to incentivise them to take the less trodden path west of the Indus river.

From Quetta to Gwadar alone, the journey took four nights, with the fifth being in Gwadar. The route is barren and empty except for two small towns along the way (Panjgur and Turbat), with no maintenance facilities for vehicular traffic, no place to get food for the drivers, and no place to spend the night. The FWO actually arranged for proper ‘harbours’ for the trucks in four locations along the N85 highway using Alaska tents for sleeping and food brought from outside. It was quite a logistical feat if you can imagine the amount of space that number of trucks takes up, and that the size of the personnel travelling was in the hundreds (including security detail).

Clearly the roads are there for trucks to travel on, but it is not yet viable for commercial traffic to ply these roads to access Gwadar port. Add to this the distance. According to one person (a commercial party) that was involved in the arrangements, the western route taken by the trucks will never be viable for cargoes originating in Lahore or south of Lahore. That means it’s only viable for cargoes originating in KP, upper Punjab, Gilgit-Baltistan or China. Considering most of Pakistan’s export base is located around Lahore and south of Lahore, this means the route will only be commercially viable for a small number of Pakistani producers, or for the Chinese, who continue to harbour strong apprehensions on security as well as the costs of utilising the western route.

Of course none of this means that the road network should never have been built. It should be built. In time, it has to be expanded from the current two lane alignment to six lanes. The Karakoram Highway took almost three decades before it began to grow into a large commercial artery, and that process still has a long way to go before it reaches full bloom.

That is the point here. The roads being built under the CPEC connectivity projects are a long-term proposition. It will be a couple of decades before they become arteries for major commercial traffic, but when that begins to happen, it will definitely be a ‘game changer’ for Pakistan. Some unscrupulous real estate agents are already beginning to cash in on the headlines and trying to sell Gwadar property under the pretext that “trade has now begun, prices there are about to skyrocket”. Don’t fall for this line! Trade has not started at Gwadar yet.

At this point, it is important to start thinking of ways to literally push cargoes towards Gwadar, provided its cargo handling is reliable enough. So here is a suggestion. A large number of containers leave Pakistan every year completely empty because we have a trade deficit with the outside world, and since more is imported than exported, containers naturally tend to accumulate within the country.

Empty containers are routinely shipped out of the country, and their transport and insurance costs are lower. In fact, almost half of the containers that went out of Gwadar port as part of this exercise were empty. Is it possible to make a rule that all empty containers must be shipped out of Gwadar from now on? This will help de-clog Karachi’s two ports, and push traffic towards Gwadar.

In any case, the exercise was a successful demonstration of the infrastructure built so far, but it will be many years before real commercial traffic begins to flow along it.

<http://www.dawn.com/news/1296727/has-cpec-now-kicked-off>

AZAD KASHMIR SEEKS SHARE IN CPEC

Dawn, November 18th, 2016

MUZAFFARABAD: The Azad Jammu and Kashmir (AJK) government is in contact with the federal government for a 'reasonable' share in the China-Pakistan Economic Corridor (CPEC) project, a senior official said on Thursday.

"The 1,124 megawatts Kohala hydropower project is part of the CPEC and is of vital importance for the socioeconomic uplift of Azad Kashmir," said Chief Secretary Sikandar Sultan Raja in a statement.

He said that the Kohala project would bring huge investment to the AJK private sector which would not only create hundreds of jobs and subsequently enhance the living standards of local population but would also significantly increase revenues.

Mr Raja said the power project, to be built at a cost of \$32.4 billion, would be handed over to the AJK government 30 years after its commissioning "free of cost", and would fetch Rs2.188bn annually to the AJK exchequer in terms of 'water use charges'.

Apart from that, the AJK government would get around Rs14bn per annum from levy of different taxes on hydropower projects, he added.

The chief secretary asserted that the federal government was being approached to establish 'industrial zones' in Muzaffarabad and Mirpur under the CPEC projects, as well as a new route (to Gilgit-Baltistan) via the Neelum valley.

"The projects under the CPEC would enormously benefit Azad Kashmir... it will not only bring to an end our dependence on the federal government for fiscal resources but would also enrich us with surplus budget."

The chief secretary said that the rights of the population to be affected by the Kohala project had been adequately taken care of during talks between the (Chinese) company and the Water and Power Development Authority of Pakistan.

"This is a national project and we all should extend full cooperation for its timely initiation and commissioning," he said.

Meanwhile, at a high-level meeting held on Thursday to review the status of inquiries against alleged corruption and irregularities, the chief secretary directed the officials concerned to ensure that all the ongoing inquiries were completed at the earliest so that appropriate action could be taken against the culpable persons under the law.

The meeting was told that 24 inquiries of different cases had been completed while 44 inquiries were under process and eight cases were in the courts.

<http://www.dawn.com/news/1297045/azad-kashmir-seeks-share-in-cpec>

NEWS COVERAGE PERIOD FROM NOVEMBER 7TH TO NOVEMBER 13TH 2016

KARAKORAM HIGHWAY INADEQUATE FOR CPEC TRAFFIC, SAYS SENATE PANEL

Dawn, November 7th, 2016

Syed Irfan Raza

ISLAMABAD: The Special Committee of Senate on China-Pakistan Economic Corridor in its third interim report has raised concern over inadequate width of the Karakoram Highway (KKH) to cater to future traffic volume to be generated by the CPEC.

It also expressed concern over the safety of the people living along the Ataabad lake as cracks have appeared in the embankments on both sides of the lake because of construction activities on the highway.

The committee suggested immediate steps to strengthen the lake's embankments and widen the KKH to meet future CPEC trade requirements.

Ataabad Lake: The report said that there was a general perception in the area that the landslide, which created Ataabad lake, was the result of weakening of mountains because of blasts carried out for construction of the highway. A huge landslide took place on the other bank of the Hunza river where no road existed and no blast took place.

The report noted that there were instances of a few lakes having been formed in the region because of landslides that blocked river paths and there were also a few cases where dams had been formed due to this phenomenon, but because of water pressure such dams developed cracks and finally broke and the gushing water swept away localities situated downstream.

“This danger also existed at the Ataabad lake till the spillway was constructed and steps were taken to firm up the falling debris,” it added.

Kkh Narrow Width: The committee felt that the KKH with its present width was inadequate to cope with the CPEC-generated traffic load as the width of containers plying on the highway was about three metres with high mountains on the one side and a deep gorge on the other.

The report noted that fatal accidents on the KKH were already frequent because of small width of the highway and with the heavy CPEC traffic plying on the highway it would be very difficult and risky for the area people and tourists to move from one place to another.

“With the present width of the KKH the increased traffic will move at a snail's pace and negotiating frequent bends and turns will require high skills on the part of drivers. On the whole, the driving on KKH will be a highly risky and time-consuming undertaking,” the report said.

In view of the above limiting factors, the committee proposed that work on the construction of another two-lane highway on the other bank of the river be undertaken immediately and there should be bridges connecting the two highways at every 10 kilometres (a total of about 40 bridges) and vehicles should ply only on one direction on either road to avoid accidents.

Alternative Route: The committee proposed another alternative route for the CPEC by connecting Gahkuch to Shandur and to Chitral via Shandur Pass.

“There is a 120-km-long metalled road from Gahkuch to Gulag Muli in Plundar tehsil. The 27-km-long road between Gulag Muli and Shandur Pass is non-metalled. Beyond the Shandur Pass, the 60-km road to Boone is also non-metalled. The 80-km-long section of the road between Boone and Chitral is already metalled. From Chitral onwards we can touch the Swat Motorway and travel on the existing excellent roads in Khyber Pkhtunkhwa to rejoin CPEC routes.

“This alternative route involves construction of less than 90 kilometres of metalled road in not so difficult terrains and the committee recommends that this opportunity should be accorded priority,” the report said.

Gas Pipelines: The committee recommended laying of a parallel pipeline along the proposed road to Tajikistan to bring natural gas from Tajikistan to Gilgit.

It noted that Tajikistan and China were working on a 1000-km-long \$10 billion gas pipeline project to supply 30 billion cubic meter natural gas per year from its Galkynysh gas field to China.

“Let us explore possibilities of negotiating small modification in the Tajikistan-Afghanistan-Pakistan-India gas supply agreement to supply Gilgit-Baltistan with natural gas from Tajikistan.

Electricity: The report noted that \$36 billion had been allocated for electricity generation to overcome loadshedding in the country, but it was a pity that not a single dollar of the CPEC had been earmarked for any power generation project in Gilgit-Baltistan.

The committee recommended that work on a high power grid connecting all power projects of the area be started immediately. It said that there was possibility of constructing one such grid at Chilas, the site of Diamer-Bhasha dam, and the other at Shandur in Ghizer district. The possibility of having a third one between Skardu and Neelum valley for onward connection to the Mangla dam project also appeared to be feasible and necessary, the report said.

Extention Of Gilgilt Airport: The report said that flights between Islamabad and Gilgit were based on visual sighting and suggested that small ATR42 aircraft could conveniently handle the descent and turn simultaneously and noted that it was becoming very risky for larger aircraft such as B737 to negotiate safe landing.

In order to manage the fast-growing air traffic between Islamabad and Gilgit, the committee recommended that the number of flights of ATR42 aircraft be increased to an average of four flights a day or around 50 flights (both ways) a week.

<https://www.dawn.com/news/1294813/karakoram-highway-inadequate-for-cpec-traffic-says-senate-panel>

PTI TAKES ITS ROW WITH CENTRE OVER CPEC ROUTE TO COURT

Dawn, November 7th, 2016

PESHAWAR: The wrangling between federal government and different political parties over the issue of China-Pakistan Economic Corridor is turning into a legal battle as Khyber Pakhtunkhwa Assembly Speaker Asad Qaisar is set to file a writ petition in Peshawar High Court on Monday for development of the western route at par with the eastern route of the corridor.

The petition will be filed in accordance with the decision taken in a meeting of parliamentary parties' heads in the provincial assembly on Oct 27.

The said meeting was chaired by the speaker. Except PML-N, leaders of other parties had agreed in the meeting to move high court for getting “due right” of Khyber Pakhtunkhwa in the CPEC project.

“Speaker Asad Qaisar, Adviser to Chief Minister on Information Mushtaq Ghani, and parliamentary leaders of other political parties will visit the high court on Monday to file the writ petition,” Tariq Khan, public relations officer of speaker, confirmed to mediapersons.

An official said that the petition was drafted by senior advocate Qazi Mohammad Anwer.

The respondents in the petition will be: Federation of Pakistan through principal secretary to President of Pakistan; prime minister through his principal secretary; planning development and reforms division through secretary planning; federal communication secretary; chairman of National Highway Authority; Pakistan Railways through secretary railways; and federal finance secretary.

An official said that the draft of the petition included the history of CPEC and related developments including a commitment made by the prime minister in an All-Party Conference about developing the western route first.

The petitioner will be seeking multiple directives from the court for the federal government. It will pray the court that directions/appropriate orders should be issued to the respondents to honour the commitments of the prime minister made on May 28, 2015, in the APC meeting on CPEC and allocate funds and commence development projects on the western route of the corridor.

The petitioner will request the court to direct the respondents to make an unqualified commitment that the western route shall receive the same quantum of funds, which are being spent on the eastern route and that the share and development of western route shall in no way be allowed to be usurped by western route.

Furthermore, the petitioner will pray the court to direct the respondents to provide funds for establishment of eight industrial parks under CPEC as per decision taken on Feb 15, 2016, at Battagram, Mansehra, Captain Karnal Sher Khan Interchange on Motorway M 1, Malakand, Chakdara Interchange, Swat, Bannu (on Indus Highway) and Dera Ismail Khan.

It will pray the court to direct the respondents to ensure and provide electricity, gas, telephone lines, fiber optics, railway lines and all other relevant services to the industrial parks and include the industrial parks in economic, transport and social sector policy and also establish IT development programmes at the sites.

The petitioner will also request the high court to issue directions to complete the feasibility and start work on circular railway line from Peshawar to Nowshera, Mardan, Charsadda and back to Peshawar; western railway track from Dera Ismail Khan to Peshawar; motorway from Dera Ismail Khan to Peshawar; and motorway from Karak to Taxila via Kohat-Jhand.

In the draft of the petition several other prayers have also been mentioned.

The speaker claims that he is custodian of the assembly, which represents the collective will of the people of Khyber Pakhtunkhwa and is therefore duty bound to follow unanimous resolutions passed by the assembly.

He claims that CPEC has four major components including highways/motorways, railways, industrial zones, water storage and power generation.

In the draft petition, he says when CPEC was announced in April 2015, the provincial assembly had passed two resolutions, welcoming the agreement and urging federal government to give due share of development to the western route.

He says that the prime minister had chaired an APC in Islamabad on May 28, 2015, and announced that the western route would be the route of the corridor and would be completed first, and named the cities and towns, which came in the way of the western route.

Subsequently, he says when maps were issued and budget allocations were made for the year 2015-2016, it was found that western route was not included in it. It appeared that on the western route, the same old National Highways will be used with repair and patches, therefore the provincial assembly on Oct 6, 2015, passed a unanimous resolution calling on the federation to implement the commitment of the prime minister.

Later on, another resolution was passed by the assembly on the same issue when the earlier resolution was not responded by the federal government.

<http://www.dawn.com/news/1294793>

GWADAR-QUETTA ROAD TO BE COMPLETED NEXT MONTH
The Express Tribune, November 8th, 2016.

LAHORE: The development work on the China-Pakistan Economic Corridor (CPEC) was in full swing and the Gwadar-Quetta road would be completed by next month, which was ahead of schedule, said Federal Minister for Planning, Development and Reform Ahsan Iqbal.

Speaking at the inauguration of the International Business Conference and Exhibition (IBCE) 2016, organised by the provincial and federal governments as well as the University of Management and Technology (UMT), Iqbal said work on Dera Ismail Khan-Quetta road had also been initiated while the DI Khan-Burhan road would be completed by 2018.

He said CPEC would bring prosperity to backward and far-off areas of the country. "Special attention has been given to Sindh and Balochistan in the CPEC projects, as raw coal for coal-run projects can easily be provided in these two provinces," he added.

"The government is paying attention to the capacity building of students to prepare them for challenges of the modern age," said the minister.

The government had successfully tackled the challenge of terrorism and now terrorists were on the run, said the minister, adding, "we are witnessing unprecedented changes in every sector in modern times as it is the century of innovative ideas."

Iqbal said the basic rationale behind holding the IBCE 2016 was to give a boost to Pakistan's economy, highlight various dimensions of CPEC, widen government's linkages with overseas companies and business firms, bridge the gap between academia and industry, set up a link between local and foreign companies, transfer latest technology and create opportunities for the youth.

The IBCE-2016 is being organised to highlight important sectors, which include clean energy, automobile, IT and telecom, textile, services, construction and housing, manufacturing, food and agriculture and fast-moving consumer goods.

Also speaking at the conference, Chief Adviser to Turkish President Iinur Cevik said Pakistan and Turkey shared special ties that were based on brotherly relations rather than on any strategic interests.

UMT Rector Dr Hasan Sohaib Murad revealed that they initially met with skepticism when they first took up the idea of organising an international business conference and exhibition.

<http://tribune.com.pk/story/1223828/gwadar-quetta-road-completed-next-mont/>

SENATE BODY FOR INCLUDING DIAMER-BHASHA DAM, GB AIRPORT IN CPEC
Business Recorder, November 08, 2016

The Senate Standing Committee on Kashmir and Gilgit-Baltistan on Monday recommended the government to include Diamer-Bhasha Dam, construction of Gilgi-Baltistan airport and an industrial park in China-Pakistan Economic Corridor (CPEC) project. The committee met here with Senator Sajid Mir in the chair.

The panel also constituted a committee to resolve boundary dispute between Khyber Pakhtunkhwa and Gilgit-Baltistan. Headed by Secretary Ministry of Kashmir and Gilgit-Baltistan Affairs, the committee would submit its report within 15 days to the Minister of Kashmir and Gilgit-Baltistan Affairs about demarcation of boundaries of Khyber Pakhtunkhwa province with Gilgit-Baltistan.

The committee, according to Mir, would also include Chief Secretary Khyber Pakhtunkhwa and senior officials from both the provincial governments. It would check the documented records available with the two administrations and submit its recommendations regarding the boundaries to end the dispute, he added. The matter was taken to the parliamentary panel through a petition by Syed Muzamil Shah, former senator and others.

Deputy Commissioner Mansehra, while briefing the committee on the matter, said that all the record was available and the dispute would be resolved soon. While chief secretary Gilgit-Baltistan said that the border line exists on the Babusar Top, adding the matter could be resolved amicably.

Senior officials of the Ministry of Kashmir and GB Affairs were of the opinion that as far as the issue of encroachments in Gitti Dass area and Babusar Top is concerned, the collector Mansehra was fully empowered to take action and remove any illegal encroachments in the territorial limits of the province.

They said that the GB government had always discouraged such encroachments in territorial jurisdiction of Mansehra. Briefing the committee on CPEC projects in Gilgit-Baltistan, high officials of Planning Commission said that a number of projects were currently underway that included up-gradation of Karakoram Highway, construction of alternate CPEC route from Pasan Nagar-Ganish Hunza, construction of expressway from Gilgit to Chitral and other road networks.

They said that the projects also included a railway track from Khunjerab to Islamabad, besides up-gradation of GB airport. They said that work on 200 km Khunjrab-Islamabad cross border fiber optic project was in progress which would be completed in December next year due to which telecom sector would get tremendous boost in coming two to three years.

They said that there were also projects like disaster management, construction of Gilgit Economic Zone and projects in telecommunication sector. The officials told the committee that consultations were underway for identification of the land for construction of the economic zone and so far no land has been identified. They further said that there were also certain hydle and solar projects to be executed in various areas of the GB with a view to ensure electricity in all parts of the GB.

A member of the committee Senator Rehman Malik, however, expressed dissatisfaction over the presentation, saying that there was an increasing sense of deprivation among the people of GB as far as the CPEC projects were concerned. On his insistence, the committee recommended that Diamir-Basha Dam, Gilgit-Baltistan airport and construction of an industrial park should be included in the CPEC so that the people of GB should get some benefits of the multi-billion rupees projects.

<http://www.brecorder.com/business-and-economy/189:pakistan/100726:senate-body-for-including-diamer-bhasha-dam-gb-airport-in-cpec/?date=2016-11-08>

‘ALL PARTIES BE TAKEN ON BOARD OVER CPEC’

Dawn, November 9th, 2016

HYDERABAD: Qaumi Awami Tehrik (QAT) president Ayaz Latif Palijo has said that the China Pakistan Economic Corridor (CPEC) could lead to massive development, warning that making the project controversial is not in the interest of the country.

Speaking to party workers from Karachi and Qasimabad here on Tuesday, he urged the government to take the Pakistan Tehreek-i-Insaf (PTI), Pakistan Peoples Party (PPP) and other political parties on board with regard to the project.

He called upon the PPP to break its silence over the project and tell the federal government to get maximum benefits from CPEC for Sindh.

About farmers’ issues, he said that due to wrong policies and corruption, Sindh’s agriculture sector was badly suffering.

The QAT chief said that prices of agricultural produce were artificially lowered at the time of harvesting which was causing losses to growers.

<http://www.dawn.com/news/1295117>

CPEC: WESTERN ROUTE ISSUE TO BE RESOLVED IN PARLIAMENTARY BODY: AHSAN

Business Recorder, November 09, 2016

Minister for Planning, Development and Reform Ahsan Iqbal on Tuesday said that western route issue of ChinaPakistan Economic Corridor (CPEC) should be resolved in the parliamentary committee instead of taking it to courts or discuss in media. He expressed these views while talking to media during signing a memorandum of understanding (MOU) with United States Agency for International Development (USAID) for technical assistance in energy sector at the secretariat of ministry of planning, development and reforms. Secretary Planning Commission Naseem Khokhar and USAID's Pakistan Mission Director, John Groarke signed the MoU, while the federal minister for planning witnessed the ceremony.

He said that decision of Khyber Pakhtunkhwa government to take the issue of CPEC to court was unrealistic as it would create difficulties for province. He said that foreign investment could not be attracted through courts rather such an action would have a negative impact. He said he met with the KPK assembly speaker and informed him that reservations of KPK government over CPEC were not facts based.

He said that through the MOU signed, the integrated energy planning process would help policymakers understand the impacts of different energy policy options and support effective short-term decisions that are consistent with long-term energy and economic objectives. The minister informed that reservations of KPK chief minister and other PTI leaders had been removed at a high level meeting held at Planning Commission on May 11.

The demands of KPK leadership had also been included in the Public Sector Development Programme (PSDP), he added. Terming the revival of economy and prosperity of country above any politics, he informed that all provinces were being given equal opportunities in the CPEC, he added.

He maintained that several hydel power generation projects including Dasu dam, DiamirBhasha dam and Munda dam were initiated in KPK. He said Indus Highway and Lawari Tunnel were being completed in the province while 13 projects were approved by the Higher Education Commission (HEC) in KPK. About western route, he said, the QuettaGwadar section of the route had already been completed while D.I. KhanBurhan section of the route would be completed by the NLC before 2018.

Through the CPEC, Ahsan Iqbal said, the underdeveloped and backward areas would get more benefits from this mega project. The national level project of CPEC should not be used for party politics, he added. He said that China was Pakistan's time tested friend and partner adding that, they should not politicise the project. He expressed confidence that all differences in this regard will be resolved in a democratic way.

Speaking at the ceremony, he said the country was able to produce up to 16,000 MW in its 70 years while this capacity has been increased to produce an additional 10,000 MW by 2018. He said the objective of this MOU was to set up an integrated energy management center to optimise demand and supply of electricity in the country. He further said it was the right time to do right estimation of our future energy needs.

On this occasion, USAID Mission Director, John Groarke said, "Through the improved planning process, government and utilities will evaluate a range of feasible policy and resource options and assess them against a common set of planning objectives and criteria. The integrated energy planning process will help policymakers understand the impacts of different energy policy options."

<http://www.brecorder.com/business-and-economy/189:pakistan/101056:cpec-western-route-issue-to-be-resolved-in-parliamentary-body-ahsan/?date=2016-11-09>

CPEC OWNERSHIP BE GIVEN TO PRIVATE SECTOR: FPCCI

Business Recorder, November 09, 2016

FAISALABAD: China-Pakistan Economic Corridor (CPEC) is a game changer but it is also an issue directly related to the business community, hence its ownership should be given to private sector of Pakistan, demanded Rauf Alam, President Federation of Pakistan's Chambers of Commerce and Industry (FPCCI).

He was addressing to the business community in the auditorium of Faisalabad Chamber of Commerce and Industry (FCCI) here on Tuesday. It was also attended by S M Muneer of Din Group of Industries, Iftikhar Ali Malik, Vice President SAARC Chamber of Commerce and Industry and Mian Muhammad Adrees former President FPCCI in addition to Zubair Tufail, the nominated candidate of the United Businessmen Group (UBG) for president ship of FPCCI for the year 2017.

Rauf Alam said that Pakistan is an economic hub of regional business activities. "We are holding the president ship of FPCCI, D-8 and ECO", he said and added that Pakistan is now making efforts to shift the head office of ECO to Islamabad as Head Offices of Islamic Chamber and SAARC Chamber are already housed in Islamabad.'

He told that the Executive Committee of ECO held in Iran decided to hold its next meeting on December 20, 2016 in Pakistan to take final decision on this proposal.

Regarding CPEC, he said that the Chinese investors have posed a direct challenge to the business community of Pakistan and we must be prepared to face these challenges. He said that Pakistani Government is also offering lucrative incentives to the Chinese investors and we must keep our eyes open in the fast changing scenario.

He said that CPEC is an economic agenda and hence its ownership should be entrusted to the private sector of Pakistan.

He mentioned an unconfirmed report that thousands of acres of land in Balochistan has been given to China. "70 percent of Chinese will set up their industrial units on this land while the remaining land will be leased out to the Pakistani industrialists which will be a very strange phenomenon," he added.

He also mentioned the construction of Capital office of FPCCI in Islamabad and said that he had promised its construction during his election campaign last year which has now been materialized with the active support of S M Muneer.

He said that the capital office has further enhanced the importance of FPCCI as it will help us to play an active role in policy making by the Federal Government and its concerned ministries and departments.

He hoped that a bill will also be tabled in the National Assembly to enhance the tenure of President FPCCI from one to two year.

It will help elected representative to play his role effectively in addition to completing his designed agenda and promises.

He also appreciated the services of Mian Muhammad Adrees for the collective cause of business community and said he had set high targets for its successors and we are making our best efforts to achieve these targets under the guidance of the leaders of UBG.

Iftikhar Ali Malik, Vice President SAARC Chamber in his speech also mentioned the construction of Lahore EXPO Centre and said it was a landmark step taken by UBG which will be remembered in the annals of history.

He further disclosed that a proposal has been forwarded to allocate three/three seats to private sector of technocrats in senate and national assembly.

The nominated candidate for FPCCI Zubair Tufail also addressed and said that he will make all out efforts to accomplish the agenda of UBG. The function was also addressed by Mian Muhammad Adrees and S M Muneer. He demanded that Mian Muhamamd Adrees should be nominated as Textile Minister from Faisalabad.

Earlier Engineer Muhammad Saeed Sheikh, President FCCI welcomed the guests from all over Pakistan and said that the business community was facing multifarious problems as the FPCCI was hijacked by the myopic elements.

He said that Mian Adrees and his successors tried their best to change the chemistry of FPCCI to make it true representative of the business community of Pakistan.

He hoped that this tilt will bring a positive change in the trade politics of Pakistan. Later Rana Sikandar Azam Senior Vice President offered vote of thanks.

<http://epaper.brecorder.com/2016/11/09/13-page/815235-news.html>

CPEC ROUTE THROUGH MIANWALI A BOMBSHELL FOR LANDOWNERS

Dawn November 10th, 2016

Khurshid Anwar Khan

MIANWALI: A compulsory land acquisition award notification has been issued in connection with the China-Pakistan Economic Corridor (CPEC) for nine revenue estates in Mianwali tehsil. This ends speculation about the corridor's route, which had remained a mystery for some time. A similar notification is expected for land in Isakhel tehsil.

When the corridor was announced last year, the route it would take had become the centre of a hot debate. Yet the government had remained silent on the subject until the recent notification outlined the inclusion of Mianwali district in the corridor.

It appears as if some powerful people, with the right connections, had an idea about the CPEC route as several business tycoons had been purchasing land in the designated estates for a few months.

MPA Dr Salahudin Khan (PP-44) told Dawn that Package-3 of the CPEC ran in his constituency yet the National Highways Authority had never shared the details with him. He confirmed that land transactions had occurred at a large-scale over the last few months and that the secrecy around it was to benefit the buyers.

Those who had sold land in the area prior to the notification said they had been lured into selling land at market or slightly higher rates. The announcement of the route this week shot up prices overnight. Several residents of the district shared how they had viewed the land deals with suspicion but had no idea that it would be a part of the CPEC route.

The buyers include auto-industry owners, a business tycoon who has recently entered the real estate world and a member of the ruling family.

“We feel robbed of our valuable land by tricky businessmen,” one of the land sellers said.

Prior to the notification, thousands of kanals of barani land in Massan mauza had been traded. A company named SAS Co had bought 6,000 kanals, Khalid Nadeem of Rawalpindi had bought 1,300 kanals and Haji Sikandar 600 kanals of land.

Two transactions dated May 30, 2015, showed that Arjuman Leghari, wife of Sardar Awais Leghari, had bought two tracts of 424 kanals and 422 kanals in Massan under land transfer deed numbers 230 and 244.

Another shock, according to land owners whose land is to be acquired for the corridor, is that they are being offered peanuts compared to the actual price of the land to be acquired.

Haji Sher Khan, one of the land owners facing compulsory land acquisition, said the award price had been assessed on the basis of the average price in the last five years. He said the price documented by the government was less than the actual value of the land in the area.

He added that it was a norm that the parties in land transactions would show a lesser sale price in mutations to evade taxes levied on such transactions.

MPA Dr Khan says landowners have also approached him complaining about the low prices and discrimination in land value assessment. He demanded an interchange at Dhok Bartal, saying it would give the corridor access to the proposed Kalabagh dam site and Khushab and Chakwal districts.

Mianwali Assistant Commissioner Mohammad Hussain Rana will oversee the land acquisition process. He told Dawn that a 96-kilometre portion of the CPEC route, comprising Package 2 and 3, would pass through Mianwali and Isakhel tehsils. Package 2 includes 51km of the route in Isakhel tehsil and Package 3, 45km in Mianwali tehsil.

The route under Package 3 passes through nine villages in Mianwali tehsil — Massan, Bani Afghan, Peer Pehai, Nikki, Daudkhel, Paki Shah Mardan, Thati, Dher Umaid Ali Shah and Paikhel Kacha.

Mr Rana explained that the federal government, through the National Highways Authority, had required the District Land Acquisition Authority to acquire the earmarked land.

The district land acquisition collector notified the area under Section 4 of the Land Acquisition Act of 1894 which binds landowners not to alienate the notified lands.

In pursuance of the process, the district land collector made a District Price Assessment Committee, which had forwarded the assessed price figures to the Punjab Board of Revenue (BoR). The BoR finalised the price which has been conveyed to the landowners through a public announcement.

He added that the awarded price in each village ranged from Rs2,500 to Rs160,000 per kanal. The land acquired for the CPEC route in Mianwali tehsil was 7,879 kanals, while the process in Isakhel tehsil was under way.

He said the process of land acquisition was transparent.

Haq Nawaz, of Dher Umaid Ali Shah, is worried about the consequences his village will face because of the corridor. He told Dawn his village was in a low-lying area that would now be inundated with rainwater every year.

He said the Thal Canal ran along the eastern side of the village, while the CPEC route had been planned along the western side. After the corridor is built, he said, the village would become a lake in the rainy season. He said the corridor authorities would have to arrange for drainage of rainwater.

Yet there are others like, advocate Sardar Khan Niazi, who call the CPEC's passage from the district a blessing.

<http://www.dawn.com/news/1295432>

ONGOING INITIATIVES UNDER CPEC: JWG MEETINGS HELD TO REVIEW PROGRESS
Business Recorder, November 10, 2016

To discuss and identify future potential projects and review the progress on ongoing initiatives under China-Pakistan Economic Corridor (CPEC), meetings of the Joint Working Group (JWG) on Gwadar and Industrial Cooperation through video conference was held here at Ministry of Planning, Development and Reform (MPD&R), Islamabad on Wednesday.

Gwadar JWG meeting was co-chaired by Secretary MPD&R Yousaf Naseem Khokhar and Chief Secretary, Government of Balochistan, Saif Ullah Chatta and was attended by group members. Li Xuedong, Deputy Director General, International Affairs (DDG), National Development & Reform Commission (NDRC), People's Republic of China led the Chinese side. Zhao Lijian, DCM/Political Counsellor, Chinese Embassy Islamabad also participated in the meeting.

The Gwadar Group discussed key projects including Electricity Project, Water Supply, New Gwadar International Airport, readiness status of Gwadar Port & Free Zone, Gwadar Expansion of Multipurpose Terminal including Breakwater and Dredging Project. It also discussed social sector projects including Gwadar Hospital and China Pakistan Vocational Training Institute and other projects.

The JWG meeting on Industrial Cooperation was co-chaired by Secretary MPD&R and Li Xuedong, DDG NDRC. The meeting was attended by officials from different federal ministries, all provincial governments, Azad Jammu and Kashmir, Gilgit-Baltistan and FATA besides representative from different chambers of commerce.

The group discussed scope of the Joint Working Group on Industrial Cooperation and the way forward as well as the policy support from Pakistan including policies and suggestions for Chinese industry to Pakistan. Chinese side briefed the participants on their own experience on developing overseas industrial parks and the preferred models for industrial cooperation in Pakistan under CPEC.-PR

<http://www.brecorder.com/business-and-economy/189:pakistan/101367:ongoing-initiatives-under-cpec-jwg-meetings-held-to-review-progress/?date=2016-11-10>

KHATTAK URGES GOVT TO FULFILL ITS CPEC PROMISE

The Express Tribune, November 11th, 2016.

PESHAWAR: Khyber-Pakhtunkwa Chief Minister Pervaiz Khattak called upon the federal government to live up to its commitment to speed up work on the China Pakistan Economic Corridor (CPEC) and fulfil the assurances given to the provincial authorities.

Speaking to the Planning and Development Minister Ahsan Iqbal, the K-P chief minister stressed that the western route should be a part of the CPEC and that all facilities provided to the eastern route should be extended to the western route.

Khattak was accompanied by his cabinet members from the PTI, JI and QWP.

Ahsan assured participants that work on the corridor's western route would be fast tracked. He also said the prime minister would soon call an all parties conference in which leaders of all parties would be briefed over the progress made in the developmental schemes.

“Whatever is assured to the province in CPEC would be completely acted upon,” the minister added.

Both the leaders agreed that the much-delayed Takht Bai flyover of Mardan would be inaugurated on December 30, while the Lowari tunnel would be opened for traffic in 2017.

Earlier, in a briefing Ahsan told the meeting that under the Public Sector Development Programme (PSDP) the 140-kilometre N-55 road between Kohat and Karak would be upgraded. Similarly, Kohat and Jhand road is also included in the PSDP.

WITH GWADAR SET TO GO OPERATIONAL, CPEC DREAMS COME TRUE

Dawn, November 13th, 2016

Khurram Husain

A ceremony marking the opening of trade activities at the Gwadar port as part of the China-Pakistan Economic Corridor (CPEC) will be held on Sunday with the country's top leadership scheduled to be in attendance.

Amid tight security and a stream of arriving VIPs, the first consignment of cargoes from China to depart from the Pakistani port arrived at Gwadar on Saturday. All day long, a stream of trucks of different sizes lined up outside the port to be individually scanned before being ushered in.

A view of the Gwadar port. — Photo by author

Prime Minister Nawaz Sharif and Chief of the Army Staff Gen Raheel Sharif are scheduled to arrive late morning on Sunday. The chief ministers of Punjab and Balochistan will also be in attendance. According to people familiar with the arrangements, invitations were also sent to the chief ministers of Khyber Pakhtunkhwa and Sindh but they will not be coming. Executives from Sino Trans, a Chinese logistics company, will also be attending the ceremony as will be ministers for defence and planning and a number of politicians, especially from Balochistan.

This is the largest collection of VIPs hosted by Gwadar since it witnessed the signing of the 2009 National Finance Commission Award.

Making a ceremony out of the whole affair is an idea pushed by the Frontier Works Organisation (FWO) which has worked on building the roads that are part of the CPEC connectivity project.

“We pushed it to counter the despondency that was coming to surround the project,” says FWO director general Maj Gen Muhammad Afzal in a chat with Dawn. “Too many people were airing views that this project is not viable or is not going to materialise.”

The convoys that joined up in Quetta took diverse routes. One convoy came from China, carrying almost 150 containers which were then shifted onto Pakistani trucks at the Sust border crossing south of Khunjerab in the Northern Areas. This convoy, which carried the bulk of the cargoes to be loaded onto the two vessels berthed at Gwadar port, consisted of trucks as long as 57 feet and travelled down the Karakoram Highway, then turned East towards Jund on the sheer banks of the Indus river about 100km south of Attock.

At Jund, it was met by another convoy that originated in Sialkot — with 50 trucks carrying around 100 containers — and together the whole convoy crossed the Indus river to Kohat where they stayed the night before moving on to Dera Ismail Khan, Zhob and then Quetta, where it stopped for another night. They were joined by a third convoy originating in Lahore and Sialkot, consisting of 45 trucks carrying approximately 90 containers that moved south to Sukkur, then west on the N65 highway past Sibi and Mastung before joining their companions in Quetta.

From Quetta, this convoy moved down the N85 highway that runs through Kalat and Panjgur to Hoshab where it intersects the M8 highway that runs through Turbat to link up with the Makran coastal highway just east of Gwadar. M8 was the road where the famous picture of the premier and the army chief riding together in a jeep was taken.

The containers carry cargoes ranging from rice and cotton, to Chinese machinery, some of which is destined for Gwadar for the ongoing development works here, and the rest going abroad.

Two ships — Al Hussain Zanzibar and Cosco Wellington — are berthed at Gwadar to receive the cargoes. They are setting sail for ports in Bangladesh, Sri Lanka, the UAE and the EU late on Sunday, according to information provided by the FWO.

Around Rs35 billion has been spent on road infrastructure for the CPEC projects in Balochistan alone since 2014, says the FWO chief. He said he pushed for the convoys to take these routes to show that the road infrastructure built during this time is fully capable of handling cargo consignments of this size.

<http://www.dawn.com/news/1296016>

NEWS COVERAGE PERIOD FROM OCTOBER 31ST TO NOVEMBER 6TH 2016

CM'S ADVISER TO VISIT CHINA FOR TALKS ON CPEC ROUTE

Dawn, October 31st, 2016

KOHAT: Adviser to the Khyber Pakhtunkhwa chief minister, Malik Shah Mohammad Khan, said on Sunday that he would soon visit China again to raise the issue of change in the route of China-Pakistan Economic Corridor.

He was speaking at a public meeting after laying the foundation stone of Taralli Bridge in Shakardarra which would cost Rs250 million. Provincial law minister Imtiaz Shahid, local councillors and officials of the relevant departments were also present on the occasion.

Shah Mohammad claimed that during his visit to China last year he had apprised the contractors at the international forum that the CPEC's western route had been changed by bypassing 11 districts of KP. He added that the change by the federal government had resulted in increase in length of the route by 600 kilometres.

The advisor said that the provincial government had approved the railway track from Peshawar to Dera Ismail Khan which would usher a new era of prosperity in the region. He said that PTI would not rest until the ouster of corrupt rulers.

<http://www.dawn.com/news/amp/1293317>

FIRST CHINESE SHIPMENT ROLLS INTO SOST DRY PORT IN GILGIT-BALTISTAN

The Express Tribune, November 1st, 2016.

Shabbir Mir

GILGIT: Hundreds of Chinese trucks loaded with goods rolled into the Sost dry port in Gilgit-Baltistan on Monday as a multibillion-dollar project between Pakistan and China formally became operational.

The shipment arrived more than two weeks after the first Chinese ship docked at Gwadar port that is the centre of the \$46 billion China-Pakistan Economic Corridor (CPEC) project. The corridor is about 3,000-kilometre long consisting of highways, railways and pipelines that will connect China's Xinjiang province to the rest of the world through Gwadar port.

The first consignment, loaded on 150 to 300 trucks, was received by G-B Chief Minister Hafeezur Rehman and the commander of the Force Command Northern Areas Maj Gen Saqib Mehmood, who had especially flown in to be at the historic occasion.

"This is going to be the fate changer for our country," said Rehman after the ceremony at the Sost dry port, which has recently been handed over to the National Logistics Cell (NLC) for a period of 20 years.

“We will thwart conspiracies being hatched against CPEC,” he said in a veiled reference to India which has publicly opposed the multibillion-dollar project dubbed ‘game-changer’ and ‘fate changer’ not just for Pakistan but for the entire region.

A senior government official said the shipping containers carrying the Chinese goods would be escorted to Gwadar in small convoys. “The first convoy left Gilgit today [Monday] for its destination,” the official told The Express Tribune wishing not to be named.

“Personnel of army, police and special CPEC force are providing foolproof security to the convoy,” added the official, who is privy to the development.

“Some of the Chinese shipping containers were unloaded at Sost dry port where the goods were reloaded on to Pakistani containers for onward journey to Gawadar.”

As the convoy drove through Danyor town in Gilgit via Karakoram Highway, residents lining both sides of the road waved to the truckers. The trucks were festooned with banners having pictures of Prime Minister Nawaz Sharif and his Chinese counterpart Li Keqiang.

“Wish you best of luck,” said a resident as he prayed for the success of the project. “Long live Pak-China friendship,” said another resident.

Earlier this year, Beijing donated to the G-B government 25 vehicles equipped with modern security gears for the security of convoys coming from China. The G-B government has also installed 285 high-resolution closed-circuit cameras with night vision capability to keep an eye on miscreants.

The government in G-B, which is at the heart of CPEC, fears Indian spy agency RAW could exploit the region’s constitutional status against the project. New Delhi claims G-B is a disputed territory because it is part of the state of Jammu and Kashmir.

While the 420-kilometre-long stretch of CPEC runs through G-B, politicians say the region is unlikely to reap its economic benefits – at least in the short run.

“We welcome this project as it will change the country’s outlook,” said JUI-F’s senior leader Attaullah Shahab. “But the worrying thing is there is nothing for G-B in the project.”

PPP Vice President Jamil Ahmed voiced similar reservations, asking the government to ensure due share for G-B. “Our chief minister could have taken maximum out of the project because his party, the PML-N, is the ruling party at the centre.”

The chief minister, however, said his government was planning to introduce an ‘environment tax’ on transporters doing business under CPEC. “We will legislate to levy the environment tax,” he added.

<http://tribune.com.pk/story/1216912/first-chinese-shipment-rolls-sost-dry-port-g-b/>

CPEC: CHINA’S EXPECTATIONS

Business Recorder, November 01, 2016

Dr Maqsoodul Hasan Nuri

China, as a great civilisation and a “middle Kingdom” power built the Great Wall and the long Silk Road which bespeak of its architectural and civilizational feats. This gives cause for encouragement that CPEC may also see

similar fruition. Making an unprecedented investment with major component on energy development and building of over 3,000 km corridor from Xinjiang to Gwadar, southern tip of Balochistan, indeed boggles the mind.

A lot of hyperbolic writings have been written since last year on CPEC and its ensuing bonanza in the coming decade or so. Notwithstanding the high sounding slogans it is actually the realpolitik of mutually reinforcing national interests of China and Pakistan that are motivating them to realise the dream of CPEC.

Faced with declining GDP, long circuitous distance through South China Sea, yet endowed with enough foreign reserves to invest abroad, China has embarked on the global OBOR infrastructural network spanning many continents.

Need it be emphasised that that as a potential superpower its core national interests are always paramount: attaining regional and inter-continental connectivity, improving trade, importing raw material and enhancing commerce and investment for its goods and services.

Pakistan, as a contiguous neighbour, thus fits the bill. As a smaller power, this serves Pakistan's interests too and could be a win-win game provided it plays its cards well and with prudence.

Unfortunately, CPEC's start has been mired in controversy and needless bickering on the Pakistani side. Inter-provincial rivalries, perceived or real grievances, ethnic tensions and infighting within organisations over turf and funds, lethargy, poor work ethics and commitment all seem to snail the project despite Chinese commitment.

China as a Communist one-Party state takes national decisions boldly and sticks to them. Its work ethics are drawn from Confucian writings and sayings and its dynamism is as much a function of burgeoning economy as of following the Confucian mores ad norms.

The official discourse often emphasises traditional Confucian values such as 'harmony,' 'hard work,' 'austerity' and 'peaceful development.' In February 2005, the then Chinese president, Hu Jintao first stated: "Confucius said: 'Harmony' is something to be cherished."

Unsurprisingly, China is concerned about impending political turbulence in Pakistan albeit a major opposition major party has tried to assuage these concerns to a great extent. The Pakistani armed forces have also assured the safety of Chinese workers by posting a special division along the corridor route.

Encouragingly, China has been supportive of Pakistan's stance against India: non-accession to NSG by India, cautioned India not to exploit Pakistan's image and vulnerabilities under the label of terrorism. Yet at the same time they do not want any spike in tensions that would affect business, trade and investment relations with Pakistan and India both and thus advocate resolution of differences through bilateral talks and negotiations.

One has to learn from the Chinese history and its work culture. Foremost, it is important to put our own house in order which is disarrayed. Infighting, tardy implementation and corruption can adversely affect the cause of CPEC and dampen the donor's zeal and commitment. Also, needless emotionalism and vindictive political tendencies are to be avoided and replaced with restraint, grace and circumspection.

China is a global power with a global outlook and agenda. We do not want CPEC as only a highway of transit route restricted to collection of tolls and taxes. It has to be a mutually beneficial and a generator of economic activity that should benefit the country.

In the view of a noted economist, we need to improve law and order, adopt good governance, minimise corruption and initiate wide-ranging reforms, especially employment of disgruntled youth. (See Dr Salman Shah, ex-finance minister, "The real corridors of prosperity," Business Recorder 20 October 2016.)

<http://www.brecorder.com/articles-a-letters/187/98851/>

LOCAL COMPANIES DEMAND BIGGER SHARE IN CPEC PROJECTS

Dawn November 2nd, 2016

LAHORE: The government must ensure that Pakistani firms are given opportunities to interact closely with Chinese companies and are able to avail maximum benefits under the China Pakistan Economic Corridor, LCCI President Abdul Basit said on Tuesday.

He was addressing a delegation, led by Brigadier Hammad and comprising of 44 representatives from 25 countries, which visited the Lahore Chamber of Commerce and Industry (LCCI). Mr Basit said CPEC is part of the 'One Belt, One Road' plan which aims to establish close land and maritime links among 60 plus countries across Asia and Europe.

"Once it is complete, estimated volume of intra-trade among these countries would reach \$2.5 trillion," he said.

He said Gwadar Port is going to play a pivotal role in the development of western region of China. Infrastructure development currently going on in Pakistan has kick started the process of economic recovery, he added.

These projects will accelerate investment, trade and economic growth in Pakistan, and help stabilise the country, he noted.

LCCI Vice President Muhammad Nasir Hameed Khan said the growing gap between revenue and expenditure has increased the vulnerability of fiscal framework, requiring the federal and provincial governments to tighten the belt with a view to putting economy on track.

Brigadier Hammad spoke about the importance of the private sector for the economic turnaround of the country.

Various topics including the Kalabagh Dam, regional trade, energy, women empowerment, orange train and bilateral trade with African region were also discussed.

<http://www.dawn.com/news/1293637/local-companies-demand-bigger-share-in-cpec-projects>

FIRST CPEC WIND POWER PROJECT TO BE INSTALLED NEXT MONTH

Dawn, November 3rd, 2016

Faiza Ilyas

KARACHI: Pakistan is set to achieve total generation capacity of 1,185 megawatts from renewable energy sources next month when the first wind power project under the China-Pakistan Economic Corridor would be installed in Gharo, said Amjad Ali Awan, chief executive officer of the Alternative Energy Development Board (AEDB) at a press conference held on Wednesday at a local hotel.

Highlighting the progress made by the country in the field of renewable energy, he said that Pakistan was among the few countries in the world today producing over 1,000 megawatts of electricity from renewable energy sources and had been listed 39th in the renewable energy index for the first time.

The present installed power generation capacity from renewable energy sources stood at 1,135MW, which included 590MW from wind and 400MW from solar and 145MW from bagasse, which was available to sugar mills in northern Sindh and southern Punjab.

He said plans were afoot to increase power generation from solar and wind to 1,756MW and 1,000MW respectively in two years.

Letters of Interest (LoIs), he said, had been issued to four more projects to increase bagasse-based electricity to 375MW while by year 2019, different sugar mills in the country would be contributing up to 500MW electricity to the national grid.

Mr Awan expressed the hope that by 2019, the country would be producing 3,000MW electricity through renewable energy as its onward supply to the end consumers would be made on the basis of subsidised tariff, causing not much financial burden on users of clean electricity in their households and businesses.

According to him, up to 91 per cent of the 1,135MW (renewable energy) was being produced in the country since 2013 while 57 per cent of this installed capacity had been secured over the past one year, “showing sincerity of the present government to utilise potential of the country to produce clean energy”.

He said that Gharo-Jhimpir wind corridor in Sindh alone had the potential of generating 32,000MW to 35,000MW electricity.

“The AEDB will encourage operators of wind power projects in Sindh to install solar panels at their site to generate additional megawatts of clean power on more stable and reliable pattern,” he said.

The board, he said, was facilitating the process of arranging finances from international donor agencies to build capacity of local distribution companies to evacuate electricity from renewable energy plants for onward transmission.

“We have stopped issuing LoIs for new wind power projects in Sindh for over a year as we already have a number of projects in the pipeline that need to be evaluated,” he said, adding that an efficient power transmission and distribution system needed to be in place to evacuate electricity from renewable energy plants.

Twelve wind masts and 10 solar data stations had already been installed in different parts of the country to identify potential renewable energy sources under a World Bank-funded mapping project.

In reply to a question, he said the federal government had approved standards for safety and quality of solar cells being sold in the market and now there was a need to implement them with the help of stakeholders.

<http://www.dawn.com/news/1293899/first-cpec-wind-power-project-to-be-installed-next-month>

CPEC PROJECT LACKS TRANSPARENCY, SAYS BILAWAL

Dawn, November 5th, 2016

Waseem Shams

SUKKUR: PPP chairman Bilawal Bhutto-Zardari on Friday said the China-Pakistan Economic Corridor (CPEC) project lacked transparency as the project’s redesign exposed that maximum benefits were being given to one province, which was an injustice to the other provinces.

He criticised Prime Minister Nawaz Sharif for his ‘hypocrisy’ and ‘excesses’ against Balochistan, south Punjab, and Sindh. He said what the federal government wanted to do with such Gwadar, where the people were deprived of even basic facilities and there was no drinking water available to them. It was also sheer injustice that Rs200 billion was allocated for just one train in Lahore, while Rs12 billion was allocated for entire Karachi, he said, adding that the country’s situation could turn dangerous if such injustices continued.

Accompanied by former prime minister Syed Yousuf Raza Gilani, the PPP chairman was addressing a public meeting at Reharki in the Daharki area of Ghotki district. He said if the government agreed on and implemented the four-point agenda prepared by PPP Senator Aitzaz Ahsan, there would be no unrest in the country and its provinces. The points would have proved fruitful for accountability and elimination of corruption, he added.

Mr Bhutto-Zardari said that Panamagate was world's major corruption issue in which PM Sharif himself and his children were reportedly involved. His cabinet ministers, too, were corrupt, he alleged, adding that the federal finance minister was involved in money laundering.

He reiterated the four demands including immediate nomination of Pakistan's foreign minister. However, he said, instead of nominating foreign minister, Mr Sharif seemed more interested in strengthening his relations with Indian Prime Minister Narendra Modi. Despite the atrocities being faced by Muslims in India-held Kashmir, Prime Minister Nawaz Sharif failed to raise his voice in their support as his words smacked of hypocrisy.

The PPP chairman said that his grandfather, Zulfikar Ali Bhutto, had got vacated 5,000-sq-km area from India after the 1971 war and brought back 99,000 prisoners of war from India. In a sharp contrast, he said, hundreds of innocent people were killed or wounded on the Line of Control (LoC) every other day during the rule of Mr Sharif.

He said he himself visited Reharki on the invitation of Hindu community to participate in the Dewali celebrations. This gave a clear message to Mr Modi that Hindu and Muslims lived here peacefully.

He said Pakistan Tehree-i-Insaf chairman Imran Khan should not attempt to divide the united opposition by continuing to level allegations against all the parties including the PPP. He said the real face of Mr Khan and his father, Ikramullah Niazi, could be exposed if he did not stop the propaganda. He suggested Mr Khan to stop implementing the agenda of others.

It was announced that a medical college and a university would be built in Ubauro.

On the occasion, Hindu Punchayat presented a souvenir to the PPP chairman.

Former prime minister Yusuf Raza Gilani, chief minister Murad Ali Shah, former CM Syed Qaim Ali Shah and senior minister Nisar Khuhro also spoke.

Later, the PPP chairman inaugurated IBA community college and school in Daharki.

<http://www.dawn.com/news/1294317/cpec-project-lacks-transparency-says-bilawal>

December 2016

NEWS COVERAGE PERIOD FROM DECEMBER 26 TH TO JANUARY 1ST 2016

CHINA TO FINANCE THREE MORE ROAD PROJECTS UNDER CPEC

Dawn December 27th, 2016

Syed Irfan Raza

ISLAMABAD: Beijing has pledged to finance three more road projects under the China-Pakistan Economic Corridor (CPEC), making its total contribution to the corridor-related road projects to Rs1.025 trillion so far.

China will provide Rs107.76 billion as soft loan for the three new projects, National Highway Authority (NHA) spokesman Kashif Zaman told Dawn on Monday. It is already providing Rs917bn for another three road projects.

The three new projects to be financed by China fall on the western route of the corridor. They include a 280-kilometre road from Raikot to Thakot at a cost of Rs8bn, 210km dual carriageway from Yarik to Zhob (Rs80bn), and a 110km road from Basima to Khuzdar (Rs19.76bn).

An agreement will be signed between the two countries in this regard in China-Pakistan Joint Cooperation Committee (JCC) meeting to be held on Dec 29 (Thursday) in Beijing. Federal Minister for Planning, Development and Reform Ahsan Iqbal, NHA chairman Shahid Ashraf Tarar and other senior government officials have already left for China.

The spokesman said secretary communications and the NHA chief visited Beijing last month where China agreed to finance the three projects as part of the second phase of the CPEC.

He said the 144km portion of the Raikot-Thakot road has already been improved with Chinese grant while China has now agreed to pay \$80 million (over Rs8bn) for the remaining portion. "This is a new alignment which was damaged in the 2010 floods," the spokesman said.

As for Yarik-Zhob dual carriageway, he said the National Engineering Services of Pakistan has already prepared a feasibility study, and China will provide Rs80bn for it with completion time of 2020. The third project, the Basima-Khuzdar road (N-30), will get Rs19.76bn.

During the upcoming JCC meeting, overall progress of the CPEC would be reviewed. According to the Ministry of Planning, Development and Reform, senior officials from both countries will meet a day before the JCC meeting to give final shape to the new agreements.

Mr Iqbal, the planning minister, would also hold meeting with the Pakistan embassy officials before the Dec 29 meeting.

On the western route of CPEC, a 650km road from Gwadar to Surab has already been completed, the minister has said, adding that it would help uplift the socio-economic lives of people living in the underdeveloped areas of Balochistan.

The road from Burhan to D.I. Khan would be completed by 2018 and a two-lane road from D.I. Khan to Zhob has also been approved, he said.

During the JCC meeting, the Pakistani side will also discuss with China officials the establishment of industrial zones along CPEC's Gwadar projects.

<http://www.dawn.com/news/1304619/china-to-finance-three-more-road-projects-under-cpec>

CPEC: UPGRADING PAKISTAN'S TRADE

The Express Tribune, December 27th, 2016.

On the economic front, the big news this year is the China Pakistan Economic Corridor (CPEC) which consists of a series of rail and road network projects that by all accounts could have a long-term positive impact on Pakistan's economy. The transportation networks and pipelines which form the CPEC will connect Kashgar, China with Gawadar after passing through large swathes of Pakistan.

It is expected that the project will promote trade not only by promoting an easier flow of goods between Pakistan and China, but also because of the ease it will bring for goods to be moved from one part of the country to the other. At present the road transportation distances between different parts of the country result in huge costs which act as restrictions on the free movement of goods. Reaching Karachi often requires journeys of several hundred miles with the result that transport by sea is not preferred by exporters based in central and northern parts of the country.

Similarly, trade with China also suffers due to lack of efficient transportation routes. Presently, most of the trade occurs through sea routes however with the establishment of reliable road and rail transportation network, the flow of goods to Pakistan's north can both grow in size and value. Connectivity with China is only the first step, since the same networks can then be expanded to encompass more Asian countries and even Europe.

It is not remiss to mention here that trade with China is on the strategic agenda of most countries in the current global economic and political climate. Especially countries which are not finding Europe and the Americas to be friendly markets are turning to China since it has the potential to become the primary source of income from exports for many nations.

China is establishing footholds in all parts of the world and governments are quick to hitch their bandwagons to its success. Pakistan's economy is in dire need of just such a boost which the CPEC can provide and it is hoped that our government will simultaneously work on developing trade-friendly policies.

<http://tribune.com.pk/story/1275774/cpec-upgrading-pakistans-trade/>

\$30BN IN CPEC PROJECTS IMPLEMENTED SO FAR: AHSAN IQBAL

Dawn, December 27th, 2016.

Federal Minister for Planning, Development and Reform Ahsan Iqbal said Tuesday that projects worth \$30 billion have been implemented under China-Pakistan Economic Corridor (CPEC).

Addressing academics from Peking University in China prior to 6th Joint Cooperation Committee (JCC) scheduled on December 29 the minister said that CPEC was the biggest project under China's One-Belt One-Road initiative that will unite the entire region.

He said that with the addition of new projects in the 6th JCC, investment in CPEC will further increase. He said that CPEC related industrial cooperation will kick-start an economic revolution in Pakistan while the economic zones will generate investment and employment opportunities for the country.

Eight industrial zones will be set up in all provinces of the country, he said, adding that there is recommendation of 2 zones within Balochistan, including Gwadar free zone.

For the security of Chinese companies working on CPEC, a new security force has been formed, he added.

He said China and Pakistan together will defeat all anti-CPEC forces, adding that participation of high level officials from the provinces in JCC is the symbol of national unity and commitment.

"The involvement of provinces in JCC with full spirit will help complete the CPEC projects on fast pace," he added.

He said education, agriculture and tourism sectors will eventually grow in long-term programmes.

The minister said that China and Pakistan universities should work together to promote education and added that people-to-people contacts will also be developed through CPEC.

He said that various projects of cooperation between Pakistan and China media industry are also under consideration.

<http://www.dawn.com/news/1304789/30bn-in-cpec-projects-implemented-so-far-ahsan-iqbal>

US ASKED TO CONTRIBUTE TO CPEC

Dawn December 28th, 2016

ISLAMABAD: Privatisation Commission (PC) Chairman Muhammad Zubair on Tuesday urged US investors to contribute to the China-Pakistan Economic Corridor (CPEC).

Speaking to US Ambassador to Pakistan David Hale, the PC chairman acknowledged the US companies' contribution to the Pakistani economy. He noted that the United States is one of the oldest trading partners of Pakistan, adding that it remains one of the top sources of foreign direct investment (FDI).

Mr Zubair briefed the US ambassador about the privatisation programme, saying that some of the key public-sector entities on the privatisation list are in the final stage of due diligence.

Ambassador Hale reiterated the importance of privatisation as a key economic reform to achieve growth. He also promised his support in bringing more US investment to Pakistan.

The United States is one of Pakistan's largest bilateral trading partners besides being a major source of FDI.

<https://www.dawn.com/news/1304824/us-asked-to-contribute-to-cpec>

'GOVT MUST TAKE CONCERNS OVER CPEC SERIOUSLY'

Dawn December 29th, 2016

ISLAMABAD: Terming the China-Pakistan Economic Corridor (CPEC) 'part of the great international power game', the FPCCI on Wednesday launched a report criticising the government for not taking into account the concerns of local businesses.

The 139-page report titled 'FPCCI's Stance on CPEC' notes that the corridor is a great international power game with deep rooted implications for the region stretching from Pakistan, China, Iran, Central Asia to USA and India.

The Federation of Pakistan Chambers Of Commerce and Industry (FPCCI) report said that there will be a change in ethnic composition of population in Balochistan. However, it dispelled the notion that locals from Balochistan province will not benefit from the project.

The FPCCI report noted that both China and India were economic superpowers as early as mid-1800s and during the 1700s the tax collections in these countries were much higher than that in Europe.

Concerned raised : Among the concerns expressed in the FPCCI report, mistrust of the government and the impact on local businesses took the lead.

"Inflow of Chinese investment and business enterprises will adversely impact the interests of Pakistani business communities – it covers the signing of FTA with China and flooding of Chinese products, inflow of Chinese investments and migration of Chinese labour force to Pakistan," the report said.

Another important point was the need for transparency in CPEC projects.

A chapter titled 'Problematic Factors in Doing Business in Pakistan' notes that several commentators in Pakistan have criticised the project's finances as being shrouded in mystery, even suggesting there was far too much secrecy and far too little transparency.

The problematic factors for doing business in Pakistan are absolutely different from China.

"The higher tax rates, corruption and inflation are the top most problematic factors for doing business in Pakistan," FPCCI noted.

"The problematic factors in doing business in Pakistan and particularly the corruption by policy makers through misuse of public funds, favouritism and bribes leads the mistrust on international agreements and foreign projects," the report added.

It was highlighted that insufficient capacity to innovate, access to funding and inefficient public bureaucracy are the major hurdles in doing business with China.

The FPCCI report cautioned the government to take foreign investments seriously. “The domination of foreign investment in political and economic decision making is limited not only to ‘Banana Republics’,” FPCCI said.

The FPCCI report added, “Unfortunately such apprehensions exists in Pakistan, where lack of trust on politicians and policy makers, favouritism in decision making and bribes and unlawful payments have been observed by the international think tanks.”

It was highlighted that investment in offshore companies and Panama scandal are the worldwide examples of such practices.

The other key concern expressed was the growing role of Chinese investors and entrepreneurs in the public sector service providing institutions.

“It indicates that management of public services are being transferred to Chinese firms by the federal and provincial governments,” the report said.

It added: “After buying locomotive from China, now some major operations in railways are being transferred to Chinese firm, Sindh government is considering Chinese management in Thar Coal development and waste management system in Karachi. The most critical is the acquisition of K-Electric by Shanghai Electric Power Company.”

<http://www.dawn.com/news/1305032>

CPEC: FPCCI SEEKS PROTECTION OF LOCAL INDUSTRIES

Business Recorder, December 29, 2016

President Federation of Pakistan Chambers of Commerce and Industries (FPCCI), Abdul Rauf Alam has urged the federal government to evolve mechanism and involve private sector in formation of a policy to protect local industries and investors from foreign giant businessmen under China-Pakistan Economic Corridor. He said that the FPCCI also proposed the government to give complete management of economic zones under CPEC to the private sector.

The FPCCI president expressed these views in a news conference while launching a report on the CPEC. He said that the government could not separate the representatives of private sector and main stakeholders of economy from formulation of policy regarding the CPEC. He said that the FPCCI had constituted an advisory committee on CPEC which prepared a comprehensive report. He said that the advisory committee on CPEC has categorised all the ambiguities and controversial arguments in six statements.

Dr Ayub, head of research of FPCCI also gave presentation to the media about the report on CPEC prepared by the advisory committee on CPEC. According to report: “While granting incentives to Chinese investors and enterprises, the policymakers must not ignore Pakistani investors. Being the representative of private sector and the largest stakeholder of the economy, the FPCCI understands the interests of Pakistani investors and entrepreneurs.

We have firm opinion that interests of the local investors must be protected and at least the same incentives should be provided to Pakistanis which have been granted to foreign investors. The interests of the residents of Balochistan and Gwadar should be protected through legislation. The overseas Pakistanis should also be encouraged to invest in CPEC-related projects including investment in industrial zones.”

The report said that FPCCI has strongly emphasised on establishing mechanisms: (i) to protect the local investors; (ii) to boost the indigenous manufacturing industry in Pakistan; (iii) to protect the indigenous peoples and industrialists from hegemony of incoming powerful industrial giants; (iv) to expedite work for completion of the dams in Gilgit-Baltistan; (v) and construction of alternative routes for the peoples who want to avoid the busy corridors.

The report further revealed, “So far as the establishing the economic zones adjacent to the CPEC is concerned, the FPCCI is in strong favour of this idea; however, the incentives to the industries in these zones should not affect the

profitability of the existing industries. Particularly, fiscal incentives may affect the investment in other cities. If these incentives are in the form of exemption of direct taxes, they will hit the return on investment because attractive profitable projects will be available in the same sectors in industrial zones. The most adverse impact on the existing units may be in the form of exemption from indirect taxes. We will not recommend any exemption from indirect taxes. If government provides any incentive through exemption from indirect taxes (or reduced tax rates); it should be for all, including old and new units.

Furthermore, we suggest that management of economic zones should be completely managed by private sector as it is the normal practice in industrialised countries. The success of these economic zones is directly related with synchronisation on the abovementioned issues and sustainable solution including resolving the energy crisis and maintaining law & order.”

The report said, “Since last several years the government has not announced industrial policy. The government has been emphasising on demand management policies, where economic management and targets are based on the monetary and fiscal mechanism. The over-dependency on Bretton Woods System is the major cause of emphasising on demand management policies. The determination of the rate of interest, taxation policies, subsidies and raising the public debts are the major tools of demand management policies. The supply-side policies are required for sustainable growth in the present regime, where much emphasis is required on investment and labour policies. The government should cover the labour, investment, production, energy, education and training, research and development and industrialisation in its industrial policy. These are components of the supply side economics which should be incorporated in the industrial policy.”

“The FPCCI assures fullest co-operation and expects that in formulation of industrial policy we must be taken in confidence and being the apex representative of stakeholders, our participation in the formulation of economic policies will be ensured by the policymakers.

All the ambiguities and controversial arguments have been categorised in six statements. These statements established the six testable hypotheses, which have been examined by FPCCI research team. Our recommendations are based on this impartial mechanism. These controversial statements are: (i) CPEC is part of a great international power game which has deep-rooted implications for the region. The economic and strategic interests of Pakistan, China, Iran, Afghanistan, Central Asian States, USA and India may be affected. (ii) The corridor will lead the changes in the patterns of industrial and commercial development in Pakistan by means of the new growth centres and urbanisation drive in the country.

The cities adjacent to the corridor and proposed economic zones will gain the values. Consequently the development ranking of the cities in Pakistan will be changed which will affect the comparative prices of the properties and the patterns of investment in real estate sector in the country. The new industrialised cities and commercial centres will generate the additional capacities for employment creating opportunities also.

This view created a ‘Western versus Eastern Route’ controversy. (iii) It will change the ethnic composition of the population in Balochistan because a large-scale internal migration is expected. The changing in development ranking and new employment opportunities in the areas adjacent to the corridor is the main cause of expected relocation of population. It establishes a complementary hypothesis (apprehension) that native residents of Balochistan will not get their due share in the development of Balochistan. (iv) Inflow of Chinese investment and business enterprises will adversely impact the interests of business community in Pakistan.

It covers the signing of FTA with China and flooding the Chinese products, in flow of Chinese investment, and migration of Chinese labour to Pakistan. (v) Another contradicted view is that the project is not financially feasible for Pakistan as the country has to pay higher cost of financing because of the unwise negotiations with Chinese investors and over-estimation of project cost.

Pakistan has to pay higher cost of services, (vi) and some segments have indicated the element of corruption and bad practices in the project. It indicates that the transparent mechanism was not followed in the negotiations and contracts with the Chinese firms.”

The report further said that according to the FPCCI estimates, the revival of economy and reducing the economic miseries of common peoples are not possible at a GDP growth rate less than 7 per cent. To achieve this 7 percent rate of growth, infrastructure development is the primary requirement. The CPEC is one of the required activities in line with FPCCI recommendations, because it provides the doable modes of resources to develop the required infrastructure.

According to the report, China introduced new development strategy and framework called “One Belt, One Road (OBOR).” The OBOR has six trade corridors spread mainly over Eurasia but touch the fringes of Pacific, North and East Africa. The main corridors: (i) China-Mongolia-Russia Corridor (ii) New Eurasian Land Bridge (iii) China-Central Asia-West Asia Corridor (iv) China-Indochina Peninsula Corridor (v) China-Myanmar-Bangladesh-India Corridor and (vi) China-Pakistan Economic Corridor (CPEC). It is expected that within a decade China’s annual trade with OBOR countries will exceed \$2.5 trillion and it will become 1/3 of the world GDP and 1/3 of the services and goods.

<http://www.brecorder.com/business-and-economy/189:pakistan/118019:cpec-fpcci-seeks-protection-of-local-industries/?date=2016-12-29>

CHINA AGREES TO INCLUDE THREE SINDH PROJECTS IN CPEC

Published in Dawn, December 30th, 2016

Habib Khan Ghori

ISLAMABAD/KARACHI/QUETTA: In a welcome development for the government as well as for the people of Sindh, the Chinese authorities have agreed in principle to add projects relating to a railway service in Karachi, development of Keti Bandar and setting up of a special economic zone in Dhabeji to the projects to be launched under the China-Pakistan Economic Corridor (CPEC).

The understanding was reached at the sixth meeting of the Joint Cooperation Committee (JCC) on CPEC between a Chinese delegation led by Wang Xiaotao, the vice chairman of the National Development and Reform Commission of China, and a Sindh government delegation led by Chief Minister Syed Murad Ali Shah, held in Beijing on Thursday.

The meeting — co-chaired by Mr Wang and Federal Minister for Planning and Development Ahsan Iqbal — expressed satisfaction over the progress achieved so far in the areas of energy cooperation and transportation infrastructure. But it underlined the need to expedite the work on projects concerning Gwadar and industrial cooperation.

The two sides also signed new agreements and MoUs relating to transportation infrastructure, Gwadar and electricity transmission lines under the CPEC, according to a press release issued by the Pakistan Embassy in Beijing.

The JCC also discussed the way forward for effective and timely completion of various CPEC projects.

The meeting was also attended, among others, by federal Minister for Railways Khwaja Saad Rafique, Khyber Pakhtunkhwa Chief Minister Pervez Khattak, Balochistan CM Sardar Sanaulah Zehri and Gilgit-Baltistan CM Hafiz Hafeez-ur-Rahman.

During the meeting, Mr Shah told the Chinese officials that the Karachi Circular Railway (KCR) would prove to be a profitable project because Karachi was one of the most populated cities in the world.

According to the details provided by the CM's office, Mr Shah said that KCR was commissioned in 1964 and remained an effective transportation system until 1984. However, due to lack of investment its operational efficiency declined sharply until a lack of ridership caused its closure in 1999.

He said a substantial growth in Karachi's population had made it advisable for the provincial government to revive the KCR project.

The Chinese delegation decided to add the KCR project to the list of projects to be launched under the CPEC and asked the Sindh government to submit its feasibility within three months.

The Sindh chief minister told the JCC's working group on ports that Ketu Bandar could serve as an ideal location for a power park run on coal from the Thar fields. It could also provide an ideal platform for future exports.

After due deliberation, the JCC decided to include the Ketu Bandar power park and seaport project in the CPEC and to carry out a feasibility study.

Taking up the third project, that of the Dhabeji Special Economic Zone, the chief minister said the Special Economic Zone Authority of Sindh had proposed the setting up of economic and industrial zones in Dhabeji and Ketu Bandar, both in the Thatta district.

Dhabeji, located about 55km from Karachi, enjoyed commercial viability and had great development potential in the immediate term.

The JCC asked the Sindh government to formulate a detailed plan and carry out a feasibility study so that the project could be granted final approval.

According to officials in Quetta, the JCC in principle approved 30 projects, of which 12 pertained to Balochistan.

The projects that were approved included those relating to constructing additional berths at the Gwadar port, mass transit system for Quetta, supply of additional water to the provincial capital and establishment of industrial estates in Bostan and Khuzdar.

<http://www.dawn.com/news/1305299>

CPEC A LIFELINE FOR PAKISTANIS, SAYS PRESIDENT

Dawn December 31st, 2016

PESHAWAR: President Mamnoon Hussain on Friday declared the China-Pakistan Economic Corridor project a lifeline for the people of Pakistan and warned the propaganda against the multibillion dollar proposed corridor would harm the country.

"The CPEC project is very important for Pakistan as it will bring about economic prosperity," he told a function organised here at Governor's House in connection with the 140th birth anniversary of Quaid-i-Azam Mohammad Ali Jinnah.

KP Governor Iqbal Zafar Jhagra and parliamentarians and elders of tribal areas attended the function.

The Khyber Pakhtunkhwa government and political parties have serious reservations about the current status of the corridor.

Chief Minister Pervez Khattak didn't attend the function as he is currently in China.

The president denied changes in the CPEC route and said the corridor was being built in line with the original plan.

“Good news is that the Chinese investment under the CPEC project has increased to \$57 billion from earlier \$46 billion and Pakistan is winning war against terrorism,” he said, adding that the credit for landmark achievements went to the current government.

Mr. Mamnoon said the CPEC project would enhance regional connectivity and bring people closer and that regional countries, including Central Asian Republics, intended to benefit from the multi-faceted project by becoming part of it.

“The future of Pakistan is very bright. Pakistan is going to become one of the world’s greatest, powerful and prosperous nations for which we should work hard with more dedication and professional commitment,” he said.

The president urged the people to unite against corruption and socially boycott corrupt elements.

He said terrorism had been eliminated in the country due to the Zarb-i-Azb military operation.

Mr. Mamnoon said implementation of the National Action Plan was successfully underway and that peace had been restored in Karachi.

He said the dignified return of the internally displaced persons to Fata was the top priority of the government besides restoration of civic, education and health facilities in their respective areas cleared from terrorism.

Paying tribute to the Quaid-i-Azam, the president said Mr. Jinnah was a great personality having numerous qualities and achieved unprecedented successes in life by keeping the national interest supreme.

He said the Quaid-i-Azam had a great love for Pakhtuns and therefore, he visited their areas on many occasions.

Speaking on the occasion, Governor Iqbal Zafar Jhagra said the selfless role of security forces and tribal people and sacrifices rendered by them had resulted in the restoration of peace and normalcy both in KP and Fata.

He said the reforms process was being carried forward in Fata in accordance with the wishes and hopes of the local residents.

Later, the traditional Khattak and Gilgit-Baltistan dances enthralled the audience, while the students of Army Public School Peshawar received applause for singing national songs.

Meanwhile, a delegation of Fata parliamentarians also called on the president.

<http://www.dawn.com/news/1305514>

NINE INDUSTRIAL ZONES BECOME PART OF CPEC

The Express Tribune, December 31st, 2016.

BEIJING: Following a meeting of the Joint Cooperation Committee (JCC) of the China-Pakistan Economic Corridor (CPEC), Minister for Planning, Development and Reform Ahsan Iqbal on Friday said China and Pakistan were entering a new phase of the agreement under which they would set up nine industrial zones in the country.

Out of these, two industrial zones will be set up by the federal government in Islamabad and Karachi, while the rest will be established in Punjab, Sindh, Khyber-Pakhtunkhwa, Balochistan, Gilgit-Baltistan, Fata and Azad Kashmir.

Additionally, Iqbal said during the meeting rail-based mass transit projects for all provincial capitals of the country including Lahore, Peshawar, Karachi and Quetta were also approved.

These rail projects will be almost similar to the Orange Line Train currently being constructed in Lahore. “All of these four projects have been made part of the CPEC framework.”

CPEC was covering the whole country and it was a clear message for those people who were leveling baseless allegations that the industrial zones were being set up only in one province, he said.

Iqbal added that the JCC also approved new road projects for connectivity of all provinces which would improve the already existing infrastructure.

These included Chitral to Chakdara, Gilgit-Baltistan to Karakoram, Muzaffarabad, Mirpur and Mansehra highways, which would be linked to the nearby areas.

For Balochistan, Basima-Khuzdar road would be built and for Karachi, the circular railway and Ketī Bandar projects would be completed, the minister added.

“Provinces will complete feasibility and technical studies as soon as possible so that work on projects could be started,” he said.

<http://tribune.com.pk/story/1279847/nine-industrial-zones-become-part-cpec/>

NEWS COVERAGE PERIOD FROM DECEMBER 19 TH TO DECEMBER 25TH 2016

CPEC TO GENERATE RETURNS FOR PAYING BACK FOREIGN DEBT

The Express Tribune, December 19th, 2016.

Salman Siddiqui

KARACHI: Pakistan has completed its loan programme with the International Monetary Fund (IMF) in September this year with inflows of \$6.4 billion over a period of 36 months.

This borrowing helped ease the strain on the balance of payments and enabled the country to bear cost of its foreign debt. In the meantime, foreign currency reserves of the country, which had dropped to dangerously low levels three years ago, swelled to an all-time high in 2016.

The loan programme successfully ended at a time when Pakistan kicked off work on a raft of infrastructure projects including the building of energy plants and ports and construction of roads and highways under the \$46 billion China-Pakistan Economic Corridor (CPEC).

There is important relationship between the IMF loan and CPEC as Pakistan will start repaying the IMF debt in 2018 and this will be the time when CPEC will start giving returns to Beijing and Islamabad.

Arif Habib Limited Head of Research Shahbaz Ashraf calculated that China had so far invested \$15-16 billion in CPEC projects. The projects, especially the power production plants, would help Pakistan’s GDP to grow by an additional two percentage points from FY19, he said.

Apart from this, services to China for transporting its trade cargo via Pakistan would generate \$500-700 million per annum for Islamabad, Ashraf said. “This amount may be utilised to pay back China’s debt for CPEC projects, which is mostly included in the power tariff to be recovered from end-consumers.”

The first of the power projects is expected to come online by June 2017 in Punjab. It will give some boost to the national economy and create resources for the country to clear IMF loan as well as service and reduce the huge overall foreign debt worth around \$74 billion.

However, such developments will not come easily unless the government has the courage to tackle the persisting challenges and address fundamental faults in the economy and the political system.

“Significant challenges remain for Pakistan in the post-loan period,” IMF Deputy Managing Director Mitsuhiro Furusawa said after the loan installments were completed.

A senior economist, who was associated with the loan programme, outlined a number of existing problem areas, saying the tax-to-GDP ratio “is still very low...everywhere Pakistan is lagging behind {including} primary education.”

“Tax compliance is a national issue. Political class has to pay taxes,” he said. Circular debt had been at the heart of crisis in the energy chain, but it was under control now, he said.

The economist pointed to the business climate and governance as some other problem areas. “It is very difficult to do business and deal with bureaucracy in the country,” he said.

The deficit in balance of payments and weak exports were some other areas that required serious efforts on the part of the government. The efforts should not be restricted to an “incentive package...but some serious export promotion steps should be undertaken,” he said.

Former State Bank of Pakistan governor Dr Ishrat Husain was quoted as saying the other day, “Vested interests, which are likely to lose out under the reform process, have a strong political and economic hold on decision-making under every elected government. They make sure that only some cosmetic changes take place for acquiring IMF and other external financing and then go ahead with business as usual.”

London School of Economics’ Professor of Economics and Political Science Timothy John Besley, who visited Pakistan last week, said promotion of values and norms in the society were a must to create a culture of tax payment.

Responding to a question at a lecture, he said if someone in parliament and judiciary did not pay taxes, it had nothing to do with the regulations in place, but it was linked with the norms and values.

People would pay more taxes when the collection was reflected in investments in old-age benefits and education, he said.

If governments in office do not address the fundamental faults, Pakistan will continue to beg for foreign loans to clear the previous ones.

Many economists including Dr Ashfaq Hasan Khan and Dr Shahid Hasan Siddiqui are among those who argue that Pakistan will return to the IMF in FY18.

<http://tribune.com.pk/story/1267185/post-imf-scenario-cpec-generate-returns-paying-back-foreign-debt/>

KCR, KETI BUNDER PORT PROJECTS INCLUDED IN CPEC

Dawn, December 20th, 2016

Syed Irfan Raza

ISLAMABAD: The government has decided to include Karachi Circular Railway (KCR) and Keti Bunder port projects in the China-Pakistan Economic Corridor (CPEC).

The decision was taken at a meeting on CPEC and power generation projects presided over by Prime Minister Nawaz Sharif at PM Office on Monday.

The government also vowed to overcome loadshedding by 2018 and increase the country's total power production up to 30,000MW by 2022.

According to the prime minister's spokesman, the meeting reviewed progress in different projects under the CPEC and the benchmarks set for numerous energy, transport infrastructure and industrial projects with particular focus on socioeconomic development of Gwadar.

The prime minister was briefed on the tentative agenda items for the upcoming meeting of the China-Pakistan Joint Cooperation Committee (JCC). About the procedure for inclusion of a project in the CPEC, the meeting was informed that approval of any decision by the working group concerned was imperative before its final approval by the JCC.

"The prime minister directed that Karachi Circular Railway and Keti Bunder port projects must be taken up at the next JCC meeting for inclusion in CPEC, as conveyed by the Sindh government," the spokesman said.

The prime minister directed Minister for Planning and Development Ahsan Iqbal to consult the chief ministers for finalisation of sites in the provinces for establishment of economic zones along the CPEC.

Mr Sharif was quoted as saying: "Industrial zones would be set up at places that have economic feasibility and viability for maximum economic returns and benefits for both China and Pakistan."

He directed the formation of a committee to suggest and advise the Chinese government about economic practicability and benefit of economic zones' sites.

"China helped us a great deal in the economic revival at a crucial juncture for which the government and people of Pakistan are grateful to the Chinese leadership and people. China and Pakistan have translated their long-term strategic ties into a strong and durable economic partnership that would greatly benefit both the countries," the prime minister said.

The meeting was informed that infrastructure projects, including road, rail, aviation and data connectivity, were being executed on a fast-track basis.

The meeting was also briefed on energy projects being carried out under the CPEC, including coal, hydel, wind, solar and transmission lines, as well as on the capacity and timeline for completion of various ongoing power projects in the country.

It was informed that about 10,996MW would be added to the national grid by March 2018 against the expected electricity shortfall of 7,000 to 8,000MW for 2017-18.

The meeting was told that work on improving the transmission system was going on in all parts of the country and it was being closely monitored by the water and power ministry. The system augmentation work for carrying additional capacity would be completed by the end of 2017, which would make the country's 90 per cent transmission system constraint-free.

The prime minister said that getting rid of power shortages was essential for realising the huge economic potential of the country, which had unfortunately been ignored by successive governments for 15 years. He said the government's long-term plans included production of over 30,000MW of electricity by 2022.

Mr Sharif was of the opinion that increased power generation would substantially contribute towards economic growth and increase industrial activities. He said he was personally monitoring the progress on the ongoing power projects to ensure their timely completion. "Our energy plan is the centrepiece of our economic vision and no laxity in the execution and completion of energy projects could be tolerated," he said.

The meeting was attended by Finance Minister Ishaq Dar, Planning and Development Minister Ahsan Iqbal, Water and Power Minister Khawaja Mohammad Asif, Ports and Shipping Minister Mir Hasil Khan Bizenjo, Punjab Chief Minister Shahbaz Sharif and Special Assistant to the Prime Minister on Foreign Affairs Tariq Fatemi.

<https://www.dawn.com/news/1303404/kcr-kei-bunder-port-projects-included-in-cpec>

CHINA BRUSHES ASIDE ANTI-CPEC PROPAGANDA

Dawn, December 20th, 2016

ISLAMABAD: Chinese embassy officials are finally pushing back at the critics of the China-Pakistan Economic Corridor (CPEC) in Pakistan as a senior diplomat on Monday, in a rare rebuttal, denied any wrongdoing in the project and sought public support against ‘disinformation’.

The Chinese embassy, known for quiet diplomacy, had all along been uneasily watching allegations of unequal distribution of projects among provinces, lack of transparency, corruption in CPEC projects, and environmental concerns, but it was not the same at a seminar organised by Strategic Vision Institute (SVI) — a local think tank — where acting Chinese ambassador Zhao Lijian strongly dismissed the criticism.

“CPEC is working well. But there are some people who are maligning the project, which enjoys the support of most of the people of Pakistan,” he said while responding to a question about the embassy’s handling of the objections being voiced by different quarters.

The main criticism of the project has been that Punjab was the main beneficiary at the cost of smaller provinces.

Mr Zhao said some called it ‘China-Punjab Economic Corridor’, but the reality is that Balochistan had a larger share in the project. “Then why not call it China-Balochistan Economic Corridor,” he said addressing the detractors.

He further dismissed allegations of corruption. “This is all taxpayer’s money. These are investment projects. How can we tolerate corruption or bribe,” the diplomat said adding a transparent bidding process was in place for award of the projects.

About the alleged secrecy, Mr Zhao said all information was readily available. Citing the presentations at the seminar, he said where did all these people get their figures? “Some people are making false allegations”, he observed and said public support was needed to counter the disinformation campaigns by the opponents of CPEC.

In his briefing, he sought to allay concerns of environmentalists about the coal power projects. “All international standards are being complied. Environmental issues would be taken care of,” he said.

<http://www.dawn.com/news/1303405/china-brushes-aside-anti-cpec-propaganda>

POLITICAL PARTIES URGED TO UNITE FOR SUCCESS OF CPEC

Dawn December 21st, 2016

ISLAMABAD: A Chinese minister on Tuesday urged Pakistani political parties to join hands for the success of the China-Pakistan Economic Corridor (CPEC) and attainment of the ‘shared goal of development’.

“Political parties in Pakistan have divergent interests. We hope that the political parties can work together to resolve their differences and make CPEC a success,” Zheng Xiaosong, Vice Minister of International Department, Central Committee, The Communist Party of China (CPC), said in a lecture at the Pak-China Institute.

Mr Zheng, during his visit, met Prime Minister Nawaz Sharif and leaders of the Pakistan Tehreek-i-Insaf and Pakistan Peoples Party and extended invitation to these parties for a visit to China.

China has been giving a lot of importance to CPEC, which is the flagship project of President Xi Jinping's Belt and Road initiative. Therefore, CPEC's success is being viewed as a key to the future of the Belt and Road project that has drawn a lot of international interest.

Critical views of some of the Pakistani political parties on certain issues related to CPEC have, therefore, been a cause of concern for the Chinese leadership.

Mr Zheng explained that it was natural for CPEC, a project with "long timeline" and one that is a "corridor of strenuous endeavours", to face issues from time to time. He offered the Chinese government's help to Pakistan for dealing with those issues. "We are ready to work with Pakistan for consensus and strive jointly for the way forward," he said.

The Chinese minister emphasised the need for public support for guaranteeing "safe and stable environment for investment" and developing "sound political and public opinion" for the project.

Dispelling the perception that CPEC was benefiting some of the provinces more, Mr Zheng maintained that it was for "entire Pakistan".

Touching upon the concern about India and some of the other countries conspiring against CPEC, he said project's success would be the best response to its opponents.

His two-pronged strategy for dealing with external conspiracies against CPEC was "strengthening of cooperation and communication" between Pakistan and China; and promoting unity within Pakistan.

Mr Zheng said a "high level of political trust" was the feature of longstanding Pak-China ties. He assured that his country would remain Pakistan's strong ally and would continue extending support to it on the issues of its core interest.

Senator Mushahid Hussain applauded the governance of the CPC for bringing "stability and prosperity to the world's most populous country," as well as for "making positive contributions to global issues such as climate change".

He appreciated the role of Communist Party of China in taking 700 million people of China out of poverty within a generation, something unique in the annals of history. He added that the CPC was playing a positive role in building a 21st century multi-polar world based on rule of law and the UN charter, opposing hegemony and interference in internal affairs. He also praised the CPC for giving equal rights to women in Chinese society.

Senator Mushahid praised the Chinese government for its effective and exemplary fight against corruption. The ruling party of China, with around 89 million members, he underscored, has punished up to one million officials over corruption. He said Pakistan should learn from its neighbour.

<https://www.dawn.com/news/1303620/political-parties-urged-to-unite-for-success-of-cpec>

PROVINCES INVITED TO ATTEND CPEC MEETING IN BEIJING NEXT WEEK

Dawn, December 23rd, 2016

Khaleeq Kiani

ISLAMABAD: The Centre and the provinces agreed on Thursday to include two projects and two industrial parks each from all the provinces in the multibillion-dollar China-Pakistan Economic Corridor (CPEC).

This was the outcome of a pre-Joint Cooperation Committee (JCC) meeting of the CPEC presided over by Federal Minister for Planning and Development Ahsan Iqbal and attended by governor and chief minister of Khyber

Pakhtunkhwa, chief minister of Gilgit-Baltistan and ministers from all the other provinces and Azad Jammu and Kashmir (AJK).

It was also decided that the federal and provincial governments would jointly attend the upcoming meeting of the JCC of the CPEC on Dec 29 in Beijing.

Punjab's Orange Line Metro Train Project, Sindh's Karachi Circular Railway and two similar mass transit projects from Balochistan and KP were identified as priority projects for inclusion in the \$51-billion CPEC.

While Sindh's Ketu Bandar Port development was also prioritised, the three other provinces agreed to select one project each of their priority in a day or two so that these could be taken up with the Chinese side during the Dec 29 meeting.

All these projects would be taken to the JCC next week where provincial chief ministers would be participating. The governments of AJK and Gilgit-Baltistan also called for similar treatment that was generally agreed to, but their priorities could not be set at this stage.

A senior government official agreed that the newly prioritised projects have not yet been cleared by the joint working group of the two countries before taking them up before the JCC. However, he emphasised that the condition was of procedural nature and would be completed in due course.

Speaking after the meeting, Mr Iqbal said the federal government wanted to ensure inclusion of all provinces and territories to benefit from the CPEC. "It has been decided that federal and provincial governments will take up the case of Pakistan jointly and effectively represent on this bilateral forum," he said.

Governor KP Iqbal Zafar Jhagra said the megaproject was not only a game-changer for Pakistan, but for the whole region. He said the projects to be initiated in Federally Administered Tribal Areas (FATA) would pave a way for prosperity of war-affected areas and benefit the entire region.

Chief Minister KP Pervaiz Khattak also expressed his support for the CPEC, saying he along with other chief ministers would participate in the forthcoming JCC meeting in China. He said his government has provided a priority list of the projects to be included in this megaproject.

"We all are united for the completion of this important project in letter and spirit as it provides an agenda for a developed and economically stable Pakistan," said Hafizur Rehman, chief minister of Gilgit-Baltistan.

Minister for Transport Sindh Nasir Hussain Shah said the Pakistan Peoples Party took full ownership of the CPEC. He expressed his gratitude over approval of the two projects for their inclusion in the CPEC framework.

Minister for Industries Punjab Allau Uddin said his government has proposed different industrial zones to be developed. "We are working to ensure creation of maximum jobs through CPEC projects," he said.

AJK's Minister for Planning and Development Dr Najeeb Naqi Khan also appreciated the federal government for considering a number of road projects.

According to a statement, Mr Iqbal earlier told participants that the CPEC has grabbed international attention and many countries were showing interest to be part of it. He requested all the stakeholders to work jointly against lobbies waging campaigns to mislead the masses and make this project controversial.

He asked the provinces to propose economically viable and feasible sites for setting up industrial zones under the CPEC. However, he cautioned that the sites should not be selected on wishes; instead, the selection has to be based on the principles of marketing to attract investors.

The statement said the participants agreed to curtail their long list of proposed special economic zones to two priority industrial zone from each province. Further, they agreed to identify two projects in the field of infrastructure and energy sectors to be considered for inclusion under the CPEC.

<https://www.dawn.com/news/1303890/provinces-invited-to-attend-cpec-meeting-in-beijing-next-week>

FOUR NEW SCHEMES TO BE PART OF CPEC

The Express Tribune, December 23rd, 2016.

Shahbaz Rana

ISLAMABAD: Pakistan and China are set to make four new infrastructure schemes worth \$8 billion part of the China-Pakistan Economic Corridor next week but prospects for early inclusion of Punjab government's Orange Line Metro project and the Karachi Circular Railway remain bleak. The inclusion of the four schemes would increase the size of CPEC to nearly \$54 billion.

The upcoming sixth meeting of the Joint Cooperation Committee, the highest decision-making body of CPEC, would be different from past five meetings. This time, all chief ministers for the first time are expected to attend the JCC. Each of them would be seeking inclusion of mass transit projects in their provincial capitals in the CPEC framework, according to officials of the Planning Ministry.

Punjab Chief Minister Shahbaz Sharif would be keen to get the \$1.6 billion Orange Line Metro project into CPEC to win Rs20 billion tax concessions. Punjab government would also seek inclusion of a \$662 million steel mill project, which is planned to be set up at Chiniot, in the CPEC framework, according to Punjab's planning minister.

Sindh Chief Minister Murad Ali Shah would want the much-delayed \$2.6 billion Karachi Circular Railway to get a place in CPEC after the Japanese have apparently backed out. K-P Chief Minister Pervaiz Khattak has also forwarded the proposal of a Peshawar Metro bus project to be made part of CPEC while the Balochistan chief minister would like to have the Quetta Light Rail project in the CPEC.

However, none of these four mass transit projects would be officially made part of the CPEC, during the upcoming JCC meeting. The Joint Working Group on Infrastructure has not discussed these projects, which is a prerequisite, said sources in the planning ministry. The agenda of the JCC, which will meet in Beijing, has already been finalised, they said. However, the expectations are that the JCC would forward these projects to the respective working group for its technical and financial evaluation, the sources said.

Few days back, the Sindh CM requested the prime minister to make the Karachi Circular Railway a part of the CPEC framework, said Ahsan Iqbal on Thursday. A planning ministry official said that Prime Minister Nawaz Sharif has set up a committee under the joint leadership of Member Infrastructure of Planning Commission Malik Ahmad Khan and Additional Chief Secretary Sindh. The joint committee would work to resolve the issue of land between Pakistan Railways and the Sindh government for smooth execution of the Karachi Circular Railway.

Pakistan Railways has demanded money in return for land, which the Sindh government is not eager to pay due to its impact on the cost of the project, said the officials. However, if Karachi Circular Railway eventually becomes part of the CPEC framework, the provincial government may get concessional financing from China like the one offered to Orange Line Metro project.

Japan International Cooperation Agency has not responded to our numerous letters, therefore, we have decided to seek Chinese financial assistance, said Nasir Shah, Sindh Minister for Transport while talking to The Express Tribune. He said that Sindh government has also forwarded Keti Bandar Seaport project for its inclusion into the CPEC framework.

It is expected that the JCC would announce to include four new infrastructure projects in the CPEC framework, according to the sources. They said that ML-I Peshwar-Karachi railway line project would be formally added into the CPEC framework. The total cost of the project is over \$8 billion out of which China is expected to give \$5.5 billion loan.

The JCC may also approve to include three projects of National Highway Authority (NHA) into the CPEC framework. These include \$200 million Khuzdar-Basima road project, Dera Ismail Khan-Zohb project of western route worth \$800 million and a missing section of Thakot-Havelian of the eastern route, said the sources.

<http://tribune.com.pk/story/1272267/four-new-schemes-part-cpec/>

FORCE BEING RAISED TO GUARD CHINESE WORKERS IN SINDH

Dawn December 24th, 2016

KARACHI: Sindh Chief Minister Syed Murad Ali Shah on Friday said his government was raising a special force to protect the Chinese nationals working on various projects in the province, including those linked to the China-Pakistan Economic Corridor (CPEC).

“Security of the Chinese working in Sindh is a top priority of my government. Our Chinese friends are involved in projects which are linked to CPEC and other important schemes. We are raising a special force of 2,000 ex-army men for their security,” said Mr Shah during a meeting with a Chinese delegation led by Foreign Ministry Director General for External Security Liu Guangyuan at the CM House. Chinese Consul General Wang Yu accompanied the delegation. The chief minister was assisted by provincial ministers Jam Khan Shoro and Nasir Shah, Principal Secretary Naveed Kamran Baloch, Energy Secretary Agha Wasif and others.

The meeting was told that within the next few months around 100 Chinese firms would begin functioning in Sindh under CPEC.

Both sides discussed the issues relating to workers’ security and agreed that appropriate steps would be taken in this regard by the provincial authorities.

Mr Shah said the newly recruited 4,000 policemen were being imparted special training by the army and they would also be assigned the security of the Chinese workers of CPEC projects.

The delegation discussed issues pertaining to the security of the Chinese already working in Sindh and those who would arrive in the coming months.

Mr Shah said he had ensured security of every Chinese national working in Sindh, including those involved in non-CPEC and non-governmental projects.

“I have already issued instructions to the police to provide special security to the Chinese working here,” he said, adding that more than 800 Chinese were working on energy projects of Thar and 150 policemen had been deployed for their security.

CM Shah sought the visiting Chinese delegation’s support for including Keti Bandar and Karachi Circular Railway projects in CPEC.

“The prime minister has approved the Keti Bandar project for CPEC and it has been included in the agenda of the coming meeting of the Joint Cooperation Committee (JCC) on CPEC projects,” he said.

CM Shah said the KCR and the Karachi Special Economic Zone had not been put on the agenda of CPEC, but “I have discussed it with the ambassador of China in Pakistan and he has assured me of his support for this. The federal

government also backs it because being one of the largest cities of the world, Karachi has immense returns in the KCR scheme”.

A CM House spokesperson said the delegation assured the chief minister that they would recommend to the Chinese authorities concerned to include KCR, Keti Bandar and special economic zone projects in CPEC.

The chief minister said he would attend the JCC meeting on Dec 29 and would appreciate their support.

<https://www.dawn.com/news/1304183/force-being-raised-to-guard-chinese-workers-in-sindh>

KARAK TO BE LINKED WITH CPEC, SAYS MINISTER

Dawn, December 25th, 2016

KARAK: Federal Minister for Housing Akram Khan Durrani has said that the Karak district will be linked to the China-Pakistan Economic Corridor (CPEC).

Talking to reporters during a brief stopover while moving to Islamabad here on Saturday, he said that work on expansion of the Indus Highway would be started soon. He said establishment of oil refinery in Karak was the right of the people, claiming the federal government had given two oil refineries to the province under a CPEC agreement with the provincial government. Mr Durrani said the FWO should start work on the oil refinery project in the district without delay.

Advocating the rights of the southern districts, he said the provincial government was not giving due share in oil and gas royalty funds to district Karak. He regretted that the elected representatives of the district had kept a mum over the matter.

He recalled that the previous MMA government had given five per cent royalty on oil and gas to the district, and added that the last ANP government had further enhanced the fund up to 10 per cent, but the incumbent PTI government had failed to increase the royalty funds.

Mr Durrani said there was no development in the district despite allocation of royalty funds, and added that mega projects should be initiated from such funds.

The federal minister said the people themselves were responsible for their problems as they had voted corrupt elements to power. The JUI-F leader claimed that his party would form the next government in Khyber Pakhtunkhwa in the upcoming general elections to change the fate of Karak people for the better.

<http://www.dawn.com/news/1304334>

NEWS COVERAGE PERIOD FROM DECEMBER 12 TH TO DECEMBER 18TH 2016

PAKISTAN NAVY'S SPECIAL 'TASK FORCE-88' SET UP TO GUARD GWADAR PORT'S SEA LANES

Dawn, December 12th, 2016

Pakistan Navy's special 'Task Force-88' (TF-88) was established Tuesday for maritime security of Gwadar port and protection of associated sea lanes against both conventional and non-traditional threats.

An International Maritime Conference on the China-Pakistan Economic Corridor (CPEC) was held at Gwadar today to commission the TF-88 force.

The creation of the special maritime force has been necessitated by the operationalisation of CPEC, which is expected to lead to a surge in maritime activity at Gwadar — the nodal point for CPEC — and the sea lanes. This has in turn increased the maritime susceptibilities there.

TF-88 is to comprise ships, Fast Attack Craft, aircraft, drones (unmanned aerial vehicles), and surveillance assets. Additionally, marines would be deployed at sea and around Gwadar for security operations, according to a senior Navy official.

Chief of Army Staff Gen Qamar Javed Bajwa, Chief of Naval Staff Admiral Zakaullah and Chief of Air Staff Air Chief Marshal Sohail Aman, Chairman Joint Chiefs of Staff Committee Gen Zubair Hayat, Balochistan Chief Minister Nawab Sanaullah Zehri attended the conference.

Prime Minister Nawaz Sharif was to attend the conference but his flight from Lahore was delayed due to dense fog, Admiral Zakaullah said.

<http://www.dawn.com/news/1302102>

CENTRE ACCUSED OF IGNORING KP IN CPEC

Dawn, December 12th, 2016

LAKKI MARWAT: JUI-Nazryati organised a demonstration by activists of different political parties in the Lakki city on Sunday to protest against the federal government for 'ignoring' Khyber Pakhtunkhwa in the China-Pakistan Economic Corridor.

The workers gathered at the Qazi Ishfaq Chowk on the main bus stand, chanting slogans against the federal government for "turning the project into the Punjab corridor". The protesters also carried banners inscribed with demand that work on the western route of the corridor should immediately be launched.

On the occasion, district nazim Ishfaq Ahmad Meenakhel alleged that the federal government had deprived the people of Pakhtunkhwa of the benefits of CPEC by 'changing' its original route.

Olası Tehreek chief Dr Syed Alam Mehsud claimed that the CPEC had been turned into China-Punjab corridor. The project will mainly benefit Punjab," he added, asking the political leadership of Khyber Pakhtunkhwa to break silence on the excesses and injustices with Pakhtuns.

JUI-N provincial deputy chief Mufti Mohammad Khan Haqqani and Dr Qazi Gul Rehman also spoke on the occasion.

Meanwhile, the Counter-Terrorism Department DSP Riazul Islam, who was killed by unknown assailants in Peshawar on Saturday, was laid to rest in his native Mela Shahabkhel village near Lakki city with full official honour on Sunday.

<http://www.dawn.com/news/1301943>

ECONOMIC BENEFITS: CHANGE IN THINKING REQUIRED TO TAP CPEC'S FULL POTENTIAL

The Express Tribune, December 12th, 2016.

Dr Manzoor Ahmad

ISLAMABAD: Even though Pakistan is strategically located, being at the junction of South Asia, Central Asia, China and the Middle East, yet it has so far been unable to leverage this advantage to its economic benefits.

China-Pakistan Economic Corridor (CPEC) could change all this through construction of new motorways, upgrading of rail network and developing a modern deep-sea port at Gwadar.

In addition, by building a number of new electricity generating facilities, laying of new optical fibres for telecommunications and establishing several new industrial parks, CPEC could herald Pakistan into a brighter future.

However, utilising the full potential of CPEC requires much better planning and a change in thinking than has been in evidence so far.

CPEC is not a standalone initiative as is commonly believed in Pakistan but is part of China's bigger "One Belt, One Road" (OBOR) initiative, which encompasses 68 countries across Asia, Europe, the Middle East and Africa. Thus, CPEC could potentially change Pakistan's global economic isolation and make the country an integral part of global trade and investment initiatives.

There are at least six major areas where immediate attention is needed if CPEC is to become a game changer in the years ahead as is often claimed by the proponents of this project.

First, the energy-related apportionment is rather heavily skewed towards setting up coal-based power plants.

According to the recent Fact Book on CPEC published by the Planning Division, almost \$27 billion or over two-thirds of the total reserved for energy projects is being earmarked for coal-based projects as compared to a much smaller allocation of \$5.619 billion for hydroelectric power generation.

Pakistan's potential for hydroelectric power is estimated at 60,000 megawatts, which can meet all its current and foreseeable needs. Hydroelectric power is not only less costly but is also the most sustainable and clean source of energy.

In the past, it has been ignored for two reasons: initial construction cost of projects is high and their gestation period is long. Since enough funding is available and the time horizon of CPEC is sufficiently long, a forward-looking and better approach would have been to spend more on hydroelectric power projects rather than those based on imported coal.

Besides making Pakistan energy secure, the construction of hydroelectric power projects would also be of tremendous help in increasing the country's chronically low water storage capacity and in controlling frequent floods.

Second, the allocation of \$6 billion for roads versus \$3.6 billion for railways is also lopsided. Currently, 96% of the total freight tonnage (domestic, international and transit trade) in Pakistan is handled by road transport.

This is unlike most other countries where most freight is carried by railways. This is partly because of the neglect and the lack of investment in rail services over the past several decades.

Greater spending on railways would not only be cost-effective but would make significant contribution towards a cleaner environment.

CPEC presents a brilliant opportunity to do so. Therefore, if one of the three routes (eastern, central or western) is devoted to building a new railway track instead of new highways, the dividends will be much better.

Third, CPEC provides great opportunities to form partnerships between Pakistani and Chinese companies and attract other global companies.

However, the government's only focus seems to be to facilitate Chinese investors. Thus, as the project is progressing, it is tilting the field in favour of Chinese companies at the expense of local and other investors.

Through various Statutory Regulatory Orders (SROs), specific exemptions from import taxes have been allowed to certain Chinese companies, which amounts to special subsidies for them. Already under the free trade agreement, Pakistan allows a subsidy of Rs30 billion to Chinese exporters.

Instead of subsidies and tax concessions, the government should provide a level playing field so that CPEC could become a magnet for investments from worldwide sources and also benefit local investors.

Fourth, unlike other countries, Pakistan's experience of allowing transit trade has not been economically beneficial to the country so far.

This is partly because Pakistan's taxes on international trade are extremely high. This gives an incentive for smuggling and diversion of transit goods in the country.

Pakistan should reform its taxation regime so that it can become a facilitator of transit trade rather than a source of hindrance as has been noticed in the case of Afghanistan.

Fifth, instead of antagonising its neighbours and fuelling regional rivalries, Pakistan should encourage them to become part of CPEC rather than become its detractors.

That would reduce its security expenses and would also make the project cost-effective and durable. Pakistan has to realise that CPEC is part of the bigger OBOR plan and not just limited to a transit corridor through Pakistan.

Finally, CPEC would only be a game changer if Pakistan's bureaucracy and workforce are fully trained in order to make full use of this opportunity.

There is an urgent need to work on the "software" side such as training the workforce and simplifying regulations. Pakistan is ranked amongst the countries with the worst score on the World Bank's Doing Business 2016 ranking (138 out of 189).

If we have the "hardware" such as roads and railway networks but do not have adequate "software", the only beneficiaries will be the Chinese traders, who would have a shorter route connecting China's western border provinces with the Middle East.

It would be a pity if the full potential of a great opportunity like CPEC is not utilised optimally due to faulty planning and lack of preparedness.

The writer served as Pakistan's ambassador to WTO from 2002 to 2008

<http://tribune.com.pk/story/1260406/economic-benefits-change-thinking-required-tap-cpecs-full-potential/>

CPEC TO PAVE WAY FOR DEVELOPMENT OF REGION: ZEHRI

Dawn December 14th, 2016

Saleem Shahid | Behram Baloch

GWADAR / QUETTA: Balochistan Chief Minister Nawab Sanaullah Khan Zehri has said that with efforts being made by security forces, people's cooperation and effective policies formulated by the government, the law and order situation in the province has considerably improved.

He said that security for the China-Pakistan Economic Corridor (CPEC) would be ensured because the project would pave the way for development of the entire region.

Addressing the inaugural session of a two-day seminar held in Gwadar on CPEC Socioeconomic Development organised by the Pakistan Navy on Tuesday, he said that peace and development were interlinked and the government was making allout efforts to restore peace and order in the province for speedy development of Balochistan.

Prime Minister Nawaz Sharif was due to inaugurate the seminar but he could not reach Gwadar because of inclement weather.

Minister for Ports and Shipping Mir Hasil Khan Bizenjo, the Chief of the Naval Staff, the Air Chief Marshal, Chinese Ambassador to Pakistan Sun Weidong, Commander Southern Command Lt Gen Aamir Riaz and other civil, military and foreign dignitaries attended the seminar.

Mr Zehri said the government had created a special division to ensure security of Gwadar and the CPEC. A project to make Gwadar a safe city had already been approved and required funds released, he added.

He said the CPEC had got primary importance in the future development as it was part of China's gigantic project One Belt One Road (OBOR).

“The OBOR project creates a way towards a just world order in comparison with the colonial world order,” he said.

The CM noted that the project would create over 700,000 direct jobs by 2030 and add 2-2.5 per cent to the country's annual economic growth.

In order to ensure security of the CPEC and the Gwadar port, the Pakistan Navy on Tuesday set up Task Force-88 in the port city.

Chairman of the Joint Chiefs of Staff Committee Gen Zubair Mahmood Hayat lauded the initiative taken by the navy in establishing a dedicated task force for the maritime security of CPEC.

He said the navy's initiative would contribute significantly towards the success of CPEC.

He acknowledged the role being played by the navy in ensuring a safe and secure maritime environment which is an essential pre-requisite for maritime economy to flourish.

“The role of the navy is deeply embedded in the maritime operationalisation of CPEC as it will be required to shoulder greater responsibilities to ensure the protection of the growing maritime trade and provide security to our sea lanes,” said Gen Hayat.

<https://www.dawn.com/news/1302235/cpec-to-pave-way-for-development-of-region-zehri>

GWADAR, CPEC TERMED THE WAY FORWARD FOR PAKISTAN

Dawn, December 15th, 2016

GWADAR: The centrepiece of the China-Pakistan Economic Corridor (CPEC) is Gwadar — it is the way forward for Pakistan into the 21st century, said Senator Mushahid Hussain Sayed while addressing the concluding session of the two-day International Maritime Conference (IMC) on Wednesday.

Talking about Gwadar and Chabahar, Iran, he said that both cities were sister ports. He added that it was important to have road and rail connectivity between the two countries.

He said the Pakistan Navy's role in maritime security and CPEC was pivotal and there was a need to make policies for maritime economy.

He complimented the navy on establishing Task Force-88 for CPEC's security, holding and pushing out an Indian submarine from Pakistan's EEZ and the extension of the continental shelf.

The conference was organised by the Pakistan Navy in coordination with the Ministry of Planning, Development and Reform and parliamentary committee on CPEC.

The theme of the conference was: CPEC and Gwadar Port as Harbinger of Regional Integration and Maritime Economic Development. It was aimed at examining the politico-strategic, maritime economic and security dimensions of the project along with challenges and opportunities arising in the economic domain from its implementation.

On day two of the conference, the opening session on maritime security started with a keynote address by Prof Xu Ming, the executive director of Glorious Sun Institute of Management at Donghua University.

According to the professor, CPEC has great strategic design which will greatly benefit both Pakistan and China.

Vice Chief of the Naval Staff Vice Admiral Khan Hasham Bin Siddique chaired the opening session as moderator.

Andrew Small, a senior transatlantic fellow, presented a paper on CPEC and the emerging security paradigm in the Indian Ocean. He said that CPEC was unique in a sense that it was a power settler in the region and, thus, shall be accessible to all states and one should refrain from counterproductive competition.

Retired Vice Admiral Asaf Humayun spoke on the importance of maritime security and role of the navy.

He said that keeping in view the enhanced spectrum of threats due to hybrid warfare by adversaries, there was a dire need to augment the capabilities of the Pakistan Navy and Maritime Security Agency to fulfil the needs of a multilayered defence system for an effective seaward defence of CPEC and Gwadar Port.

“The Pakistan Navy needs to enhance interaction with the People’s Liberation Army Navy. A full-fledged naval base at Gwadar is inevitable,” he added.

Retired Vice Admiral Iftikhar Ahmed Rao presented the last paper of the session on geo-politics and maritime security. He said Gwadar was the nucleus of all the big game ‘One Belt One Road (OBOR)’.

He said CPEC will be just an extension of the Karakoram Highway without Gwadar Port “as it’s the sea part which makes CPEC global”.

Therefore, he added, the traditional mentality that land outweighs sea must be abandoned.

Chief of Naval Staff Admiral Mohammad Zakauallah thanked all the participants, speakers and foreign dignitaries for making the conference a success and achieving objectives set forth in raising awareness and making recommendations.

He said the raising ceremony of Task Force-88 marked the resolve of the Pakistan Navy to provide a safe and secure maritime environment for CPEC, trade and Gwadar Port.

He added that the navy was being strengthened with the full support of the government of Pakistan.

The naval chief explained that Gwadar Port was not in competition with any other port but was better for the entire region as it would increase the volume of trade.

The conference was attended by Federal Minister for Ports and Shipping Mir Hasil Khan Bezenjo, provincial ministers, Iranian Ambassador to Turkey Ali Reza Bikdeli, former naval chief, members of the parliamentary committee on CPEC, foreign delegates, local dignitaries and government officials.

<http://tribune.com.pk/story/1260406/economic-benefits-change-thinking-required-tap-cpecs-full-potential/>

CPEC COST BUILD-UP

Dawn December 15th, 2016

Khurram Husain

IN remarks given at a conference in Islamabad, Sartaj Aziz is reported to have said that loans being taken under CPEC projects will be repaid at two per cent interest spread over 20 to 25 years. He is about one-quarter right.

What Aziz is not telling us, unless his comments were not reported in full, is that more than two-thirds of the money committed for the 'early harvest' projects is actually on commercial terms. Of the total \$28 billion that come under the 'early harvest' projects, a full \$19bn are in the form of foreign direct investment on commercial terms and even the agreement signed in November 2013 between the governments of China and Pakistan that created this raft of investments mentions that these will follow "market principles".

In those project documents that are publicly available, the debt service terms are 7pc to 8pc with many of them pegged to six-month Libor and include Sinosure, which is the fee for reinsurance of all loans that Chinese banks require all foreign borrowers to have.

Then there is the equity portion. Most of the projects coming in as direct investment have a debt-to-equity ratio of around 80:20, or in some cases 75:25. And in most cases, return on equity (ROE) is guaranteed at either 17pc or 20pc.

So let's do a little math here. If \$19bn are coming in as investment on commercial terms, and 80pc of that is debt with the remaining as equity, what is the size of the outflow as debt service and return on equity that we can discern?

My math tells me that the debt service outflows will be about \$1bn and the return on equity will be \$646 million if it is kept at 17pc. Add to that \$1.9bn as repayment of principal. That means an annual net outflow of \$3.546bn per year once commercial operations begin.

Somebody please tell me what I'm doing wrong here. You can tweak the numbers a bit, say debt service will be 6pc and not 7pc as I've assumed. ROEs are unlikely to be lower than 17pc. In one case at least, that of Karot Hydropower, Nepra had granted 17pc ROE to the sponsors but they have submitted a review petition asking for this to be raised to 20pc "so as to encourage the investor to invest in the hydropower sector".

So how much is \$3.546bn? Compare it with last fiscal year's figures, when interest payments on external debt were \$2.1bn, and income (for foreigners) from investments in Pakistan was \$3.2bn. Pakistan's total interest outflows (on government borrowing alone) were \$1.1bn in fiscal year 2016.

In the case of CPEC investments, it is difficult to see how these will be booked, since technically they will not be on government account: each project will earn its own money and service its own obligations, whether to its creditors or its sponsors, from its own cash flow.

Therefore these outflows (and I've only calculated the interest on them, the repayment of principal is on top) will not be booked as external debt service obligations of the state since they are not public debt (even though they are publicly guaranteed), and only the repatriated profits will be booked as income from investments.

It is difficult to compare government debt figures with CPEC-related investment though, because they are both booked differently since the former is a direct loan whereas the latter is an investment against a loan.

But they both place a burden on foreign exchange reserves, which will need to increase correspondingly if we are to extract the proper benefit from CPEC projects and not be left with a herd of white elephants whose costs weigh the macro economy down more than their output lifts it up.

How many of us are reassured that the government has done its homework properly to ensure that this does not happen? The more I hear government leaders telling the people that these are all concessional loans that carry an interest charge of 2pc payable in 25 years, the less reassured I feel because they are telling us less than a quarter of the full story and stopping there, to leave us with the impression that there are no further costs beyond this.

In reality, to properly afford the CPEC projects that are being undertaken, the country will need to lift its exports, boost its productivity, and give a large spur to private enterprise to get the wheels of domestic investment moving again. To some extent, this is happening. Cement, for instance, is doing quite well. Cement, incidentally, is probably the only product the Chinese projects are sourcing locally, with everything else imported from Chinese firms, with loans taken from Chinese banks.

On the surface, these figures are not alarming. Pakistan's economy can indeed absorb them, and still profitably benefit. But so far, the IMF and the State Bank are both warning that for the country to carry its external debt burden, exports need to increase rapidly. The State Bank has also been warning about the increasingly short-term nature of external debt, pointing that "domestic commercial banks have also been taking short-term loans from foreign banks to bridge the payment gaps".

I'm no expert in this field. But just looking at what is happening on the external front of our economy makes me a little nervous and I need some reassurance. We've heard about "record-high reserves" before too, only to find ourselves knocking on the IMF's door within a year.

And I'm even less reassured when I read what the government told the IMF in the last review when the Fund raised the issue of a growing Chinese debt burden being taken on. They were told that "additional Chinese investment over the longer term, building on CPEC as a platform, could also help cover the projected CPEC-related outflows".

Wonderful.

<http://www.dawn.com/news/1302328/cpec-cost-build-up>

OVER 50 'ANTI-CPEC' ACTIVISTS ROUNDED UP AFTER IED BLAST NEAR ROHRI

Dawn, December 16th, 2016

Mohammad Hussain Khan

HYDERABAD: Over four dozen suspects, including members of the Jeay Sindh Muttahida Mahaz (JSMM) — a proscribed nationalist outfit — and Jeay Sindh Qaumi Mahaz (JSQM) and some Bugti clansmen, were rounded up in a combing operation carried out by the police and Rangers in Sukkur district on Thursday.

The operation was launched soon after a low-intensity blast that occurred on Wednesday about 1.5 kilometres away from a camp site of Chinese engineers and their subordinates engaged in the China-Pakistan Economic Corridor (CPEC)-related projects near Rohri town.

"Those detained are activists and connected with the JSSM and JSQM; some others are Bugti clansmen currently working at a crushing plant being run by the Chinese," a police source said, adding that the detained Bugtis' features resembled those suspects who were spotted at the blast site before it occurred.

Different sources put different number of suspects detained since the incident. One source confirmed the figure of 45 but some others put it at 57.

Sindh Inspector-General of Police A.D. Khawaja speaking to Dawn over phone said that the modus operandi of blast appeared identical to the one that occurred outside the Sindh Agriculture University (SAU) on Dec 9 causing injuries to a Rangers man.

He recalled that it was an improvised explosive device (IED) packed in a pressure cooker, which was placed on a bicycle.

It went off when a vehicle carrying Rangers personnel passed by.

Facts gathered about the Wednesday blast near Rohri suggested that it was also an IED that went off about 1.5km from the Pyala camp site — one of the three such sites within the area where Chinese are working — barely 40 seconds after a van carrying Chinese man, Ladi Juim, crossed the point. A policeman was accompanying him.

JSMM is struggling for the freedom of Sindh and resisting the CPEC as its stated policy. It is led by Shafi Burfat, who is currently in exile in Germany, according to some media reports. The group is an offshoot of the JSQM.

A senior police officer said that the blast was being seen as an attempt to sabotage CPEC and terrify the Chinese people working on it.

Mr Juim was on its way to the Pyala camp site when the blast occurred. The other two sites are Mahesro and Sangi. A fair number of Chinese are staying in these camps and around 90 vehicles in their use ply within the area (Sukkur district) for different chores.

“Following the blast, police officers visited all three camps to advise the Chinese to be extraordinary security conscious,” says a source.

According to latest reports, army personnel have taken over the security of the three Chinese camps in Sukkur as well as two others in Ghotki district.

The federal government has raised a ‘special security division’ for the CPEC.

IGP Khowaja says that 1,028 policemen have already been recruited exclusively for the CPEC security in Sindh.

“These recruits are mostly retired soldiers. Another 1,000 are to be recruited,” he said.

<http://www.dawn.com/news/1302587>

K-P PROPOSES ALTERNATIVE ROUTES FOR CPEC WESTERN ALIGNMENT

The Express Tribune, December 16th, 2016.

Sohail Khatta

Peshawar: The Khyber-Pakhtunkhwa (K-P) government has proposed multiple alternative routes for the western alignment of the multibillion dollar CEPC which will pass through the northern areas of the province.

The K-P government’s planning and development department communicated the proposals last week via a letter to the Federal Ministry of Planning, Development and Reforms, requesting it to include the proposals in the CPEC portfolios. A copy of the letter is available with The Express Tribune.

The K-P government has proposed three land routes and a railway track as the additional alternative routes of the CPEC. These routes connect Gilgit-Baltistan (G-B) – the entry point of CPEC in Pakistan – to its terminal point in Balochistan’s Gwadar port via the western alignment of the CPEC.

The first route proposes to link the G-B to Gwadar through Shandor, Chitral, Chakdara, Peshawar, Kohat, Dera Ismail Khan, Zhob and Quetta. The second route proposes to link the G-B to Gwadar through Bisham, Shangla, Buner, Katlang, Swabi, Mardan, Peshawar, Kohat, Dera Ismail Khan, Zhob and Quetta.

The third route starts from the G-B and ends on Gwadar after passing through Bisham, Shangla, Buner, Katlang, Swabi, Mardan, Peshawar, Kohat, Dera Ismail Khan, Zhob and Quetta.

The K-P has also proposed an alternative railway track connecting Gilgit with Shangla and Dargai via Shandor. It maintains that the alternative routes to Gwadar should not only be in Punjab and Sindh but should start right from Gilgit and these routes would provide a second and third passage to ensure access to the Central Asian Countries via Afghanistan.

The documents state that the Karakoram Highway (KKH) remains closed twice or thrice a year due to heavy snowfall and recurring landslides, while these alternative routes will keep the transport running throughout the year. The routes cover the militancy-hit Malakand Division of K-P and will boost business and economic activities in the region, it claims.

The K-P has also asked the federal government to help in financing the Swat Expressway which the K-P government is constructing to link the Islamabad Peshawar Motorway M-1 with Malakand division.

The letter says the routes would also explore tourism resorts of the K-P, while the railway route proposed by the K-P would serve as uninterrupted communication line with China in case of land-sliding or other natural disaster on the KKH.

It says the Khunjerab railway line, running parallel to the KKH and connecting Havelian to Khunjab pass is technically weak. The alternative railway track proposed by the K-P government would be connected to the existing railway track at Dargai and moved onwards to Zhob and Gwadar. "Some missing track between Tank district and Zhob would need to be laid. The project seems viable and the federal government should conduct a study on it," it states.

<http://tribune.com.pk/story/1264815/western-alignment-k-p-proposes-alternative-routes-cpec/>

‘PAKISTAN DOES NOT VIEW CHABAHAR PORT AS COMPETITION’

The Express Tribune, December 16th, 2016.

In a bid to pacify growing anxiety regarding the development of Chabahar port by Iran and India, Minister for Planning, Development and Reform Ahsan Iqbal has said that Pakistan does not look at the port's progress as competition but a development that complements the China-Pakistan Economic Corridor (CPEC).

He said this during the 32nd AGM and Conference of the Pakistan Institute of Development Economics. The theme of the lecture was 'Regional and Domestic Political Economy'.

Iqbal said that the policies should be research-based and should not be formed intuitively.

Highlighting the importance of CPEC for Pakistan, the minister said that the project is not only a game-changer but it could also be a fate-changer if implemented correctly.

Iqbal said 10 years ago, the world was looking Pakistan as a security concern but now governments and think-tanks worldwide are looking for opportunities they can gain through CPEC.

Giving examples of giants like Blackberry and Nokia who lost their place as global leaders, he said that we must adapt to the changing conditions around the world or else we would be left behind.

Iqbal said that CPEC is not just about transportation infrastructure and energy projects. "It is a framework that is much broader, holistic, and looks at all the socioeconomic factors of development." The minister added that under CPEC, China does not look at Pakistan as a market but a country with shared destiny.

"By sharing their development experience, the Chinese are helping Pakistan to expedite its development process."

Pakistan government's Chief Economist Dr Nadeem Javed said that CPEC is primarily an energy-driven connectivity project, the aim of which is to reduce energy constraints and improve fuel mix.

“Post-July 2017 the gap between demand and supply of energy will end and by July 2018 generation of power is expected to be in surplus due to CPEC.”

Canadian University's Professor Tariq Amin Khan said that problems in existing social relations require alteration in structure of rural society.

“If the goal is to create less oppressive social relations then the government needs to intervene.”

The situation demands land distribution, learning lessons from history and imposition of agriculture tax, said Khan.

The three-day long conference was attended by a large number of social scientists, researchers, faculty members from universities across Pakistan, students, policymakers and government functionaries.

<http://tribune.com.pk/story/1264626/quashing-concerns-iqbal-not-view-chabahar-port-competition/>

MISSING THE POINT

Dawn December 18th, 2016

Ijaz Nabi

THE China-Pakistan Economic Corridor (CPEC) has generated competing claims among provinces on where the corridor should lie, as though counting the trucks plying on it is what really matters. This is myopic.

The significance of CPEC is in the fast connectivity it provides to the vast regions of western China and Central Asia to the Arabian Sea. This is an immense economic opportunity for the provinces if they focus instead on improving their respective connectivity to the corridor and align their economic activity to exploit that connectivity.

Over the last several decades, low private and public investments have resulted in our lacklustre economic performance. If we position ourselves well, CPEC's massive \$46 billion investment programme in key infrastructure will redress this and bump up the growth rate for several decades to come.

Although energy projects dominate the CPEC package, its main goal is to revolutionise regional connectivity via Gwadar port and the road/rail network that leads up to the port. The four CPEC pillars are thus: energy projects, Gwadar port, rail/road networks, and the associated industrial and commercial activity.

Furthermore, for CPEC-related public investment to have a lasting impact, it must stimulate private investment in a variety of sectors. The fourth pillar should thus be renamed 'linkages with domestic economic activity' — spanning industry, commerce, agriculture, livestock, mining, transport and tourism.

For CPEC to be a real 'game changer', the provinces will be pivotal. The centre — responsible for trade, credit and fiscal policy — is important for ensuring that CPEC-related public investment attracts significant flows of private investment.

However, the provinces must create the right investment climate to physically host such investments. In doing so, they will become partners with the federal government in managing the economy as envisaged in the 18th Amendment, and not as mere appendages as they are now.

CPEC-related provincial investment strategies would have the following four elements:

One, align ongoing provincial development initiatives with CPEC investments. This includes establishing economic enclaves that are consistent with demographic changes in the provinces. Provinces should invest in excellent roads to connect the enclaves to CPEC road/rail networks.

They must facilitate land acquisition, provide key infrastructure (electricity, gas, water, waste treatment) and promote skills development in close proximity to the economic enclaves. The National Finance Commission should design the NFC award to compensate the provinces where the cost of connecting to CPEC highways is high.

Two, reform provincial regulations and upgrade institutions to strengthen economic sectors of comparative advantage. Detailed studies have already been carried out in all four provinces, and in Gilgit-Baltistan, which specify reforms that will maximise CPEC benefits. These need to be implemented.

The studies include provincial growth strategies for KP and Punjab; various KP sector studies prepared by the USAID Pakistan Firms Project; and World Bank economic reports for Sindh, Balochistan and GB. Provincial studies on the cost of doing business are also available. The studies identify regularity and institutional hurdles that discourage investment and need to be jettisoned. They also recommend ways of engaging with the

federal government to remove the hurdles under its mandate. Provincial governments must set up task forces to monitor progress on implementing the recommendations.

Three, strengthen local firms to forge joint ventures with foreign firms (including Chinese firms). Forward-looking provincial economies enabled by energy projects and Gwadar port will strengthen the negotiating power of local firms, making them attractive partners in joint ventures. Well-funded, well-staffed, modern and efficient investment authorities must be established to facilitate the joint ventures.

Four, strengthen federal-provincial coordination to develop a nationwide investment programme. Platforms such as the Council of Common Interests and the National Economic Committee need to be strengthened for effective federal-provincial coordination in designing and implementing a countrywide investment strategy associated with CPEC.

The Planning Commission, with adequate capacity and in close coordination with the provincial planning and development departments, should be the technical secretariat to CCI and the NEC. CPEC provides an opportunity to revamp these institutions.

To conclude, CPEC can be a 'game changer' provided the provinces adopt sensible development strategies and align them with the opportunities provided by CPEC. Squabbling over road location misses the point altogether.

<http://www.dawn.com/news/1302950/missing-the-point>

NEWS COVERAGE PERIOD FROM DECEMBER 5 TH TO DECEMBER 11TH 2016
REMOVING CPEC BOTTLENECKS: TUNNELS MAY SMOOTHEN TRADE IN WINTER
The Express Tribune, December 6th, 2016.

Shabbir Mir

Gilgit: Steps will soon be taken to keep the flow of containers nonstop on the CPEC route even in extreme winter conditions, official spokesperson for the Gilgit-Baltistan government Faizullah Faraq said on Monday.

Expressing optimism regarding removal of bottlenecks in bilateral trade with China, Faraq hinted at the possibility of excavating a series of tunnels along the CPEC route.

"The first convoy that reached Gwadar via Sost was a test case," said the spokesman. "It was a success and now (the flow) will not stop."

Keeping in line with decades-old traditions, the border between the two countries closed on December 1.

The border closure, lasting till April 1 next year, is observed under an agreement signed by both countries in 1985 to avoid losses in harsh weather conditions in this mountainous and rugged region. A month earlier, the multi-billion-dollar China-Pakistan Economic Corridor (CPEC) was formally launched as hundreds of Chinese trucks loaded with goods rolled into the Sost dry port in Gilgit-Baltistan on November 1 this year.

“The closure of border means suspension of all business activities,” said Imran Ali, who is the president of the Gilgit-Baltistan Chamber of Commerce.

“But that’s under a protocol which is in the interest of traders,” Ali said.

Ali said that because traders involved in trade with China knew the schedule of border closure, it did not affect their businesses. He was confident that this stoppage would soon end under the CPEC. “Neither Pakistan nor China can afford to waste this much time, especially after the start of CPEC,” he said, adding that four-month-long suspension meant huge loss in revenue in customs duties.

China, busy reviving the Old Silk Route under its ‘One Belt, One Road’ initiative, has asked Pakistan recently to suggest ways to reduce trade losses caused by possible extreme weather events.

China organised the International Science Forum of National Scientific Organisations in Beijing, which was participated by 36 heads of Asian and European scientific organisations.

During the conference, Pakistan urged China to develop a multi-hazard early warning system in areas vulnerable to climate hazards such as tsunamis, flashfloods, landslides, earthquakes, fog, tropical cyclones and dust storms. Pakistan also called for strengthening weather and climate data network, besides improving financial cooperation and sharing skill and technology-based knowledge among member states.

These measures would help Beijing greatly reduce trade and human losses on the route, officials said.

Heavy snowfall, threats of avalanches and other extreme events linked with extreme cold weather in this area of the world, forces stoppage of large vehicles, besides ending all activities at the Sost dry port. The dry port starts closing down by the middle of December before packing up by year end. Life returns to normal after the port opens on April 1 next year.

Trade has not yet picked up, but officials had high hopes of boosting the ailing national economy. So far, no major difference had appeared in domestic revenue on this front.

“So far, the revenue collection is Rs1.85 billion this year,” said Deputy Collector of Customs Akbar Gandapur.

“The number of containers arriving at Sost (dry port) from China is (still) 1,200,” said Gandapur, who is posted at Sost. The first consignment of CPEC goods was received by G-B Chief Minister Hafeezur Rehman and the commander of the Force Command Northern Areas Maj-Gen Saqib Mehmood.

<http://tribune.com.pk/story/1254649/removing-cpec-bottlenecks-tunnels-may-smoothen-trade-winter/>

COAS VOWS FOOLPROOF SECURITY FOR CPEC

Dawn, December 7th, 2016

QUETTA: Chief of the Army Staff (COAS) General Qamar Javed Bajwa on his visit to the provincial capital said on Tuesday that the army would render necessary assistance to the Balochistan government for capacity-building of law enforcement agencies (LEAs) and provide security for projects in remote areas.

The COAS laid a wreath at Yadgar-i-Shuhada to acknowledge the sacrifices of those who lost their lives for the country.

He also expressed the resolve to ensure foolproof security arrangements for the China-Pakistan Economic Corridor.

Gen Bajwa visited the headquarters of Southern Command where he was briefed about operational preparedness of the command, the security situation in Balochistan and ongoing stabilisation operations.

He was received by Commander Southern Command Lt Gen Aamer Riaz on his arrival.

According to the military's media wing, Gen Bajwa lauded the security forces and the civilian government for adopting an integrated approach to ensure security and development in the province.

Gen Bajwa vowed "zero tolerance" against terrorism, directing indiscriminate operations against militants in coordination with intelligence agencies.

Commending the Frontier Works Organisation and the National Logistics Cell for developing road networks in the province, the COAS stressed the need to accelerate development projects to ensure greater connectivity for the people.

<https://www.dawn.com/news/1301014/coas-vows-foolproof-security-for-cpec>

PM APPROVES APPOINTMENT OF CPEC COORDINATOR

The Express Tribune, December 8th, 2016.

Islamabad: Prime Minister Nawaz Sharif has approved the appointment of a new project coordinator for the \$51-billion China-Pakistan Economic Corridor (CPEC), while the Islamabad High Court has granted a stay order against the appointment of the Chief Economist.

The premier has approved the summary for the appointment of Asim Saeed as new project director of CPEC besides rehiring Chief Economist Dr Nadeem Javaid and other members of the Planning Commission, said officials of the Planning Ministry.

However, the Islamabad High Court has already stopped the Chief Economist from working after the Economist Group challenged his appointment on the grounds that the post belongs to the Group and a person from the private sector cannot be hired.

The government made the decision to retain the incumbent chief economist after it decided not to return the sole grade-22 position of the Economist Group. It had turned down a representation given by Ijaz Wasti – the senior most officer of the group. This compelled Wasti to seek justice from the court.

The government decided to retain incumbent chief economist, Dr Nadeem Javaid, after his previous two-year contract expired a few months ago. The government had advertised these posts, inviting applications from the outgoing as well as other candidates from the private sector.

However, it conducted the interviews of only fresh candidates, giving preferential treatment to the sitting members. Dr Javaid was appointed as the chief economist from the private sector in 2014 after relaxing the experience condition from 25 years to 15 years. According to the original job requirements, which were subsequently amended, the chief economist should have 10 years of experience in economic policymaking.

Wasti, who is currently serving as Economic Advisor in the Ministry of Finance, had pleaded before the Secretary of Planning Ministry for his case to be sent to the High Powered Board for promotion to grade 22 and that he may be considered for the chief economist position. However, the Secretary Planning turned down his representation.

The planning minister also eased out Major General (ret'd) Zahir Shah, who was earlier serving as Project Director of the CPEC. His contract expired mid of this year but the planning minister had asked him to continue. Later on, the minister changed his mind and decided to bring in a new person.

The government changed its mind at a time when the CPEC has entered into a critical phase. Shah was the focal person in the Ministry of Planning, Development and Reform on CPEC and used to coordinate meetings pertaining to the \$51 billion umbrella project. He was engaged with CPEC since the project's beginning.

The Economist Group is a professional service group, constituted under the Civil Service Reforms of 1973. The group has long been marginalised and is not given its due share in the civil service. In April last year, the government had decided to assign two posts of additional secretaries of grade-21 for the Economist Group. The move was aimed at addressing the group's concerns about career planning and improving economic decision making.

However, the Central Selection Board (CSB) in its May 2015 meeting did not consider the cases of the four eligible officers of the Economist Group for promotions to grade-21. The Planning Ministry had moved the cases of Dr Ali Bat, Rai Mohammad Nasir Ali Khan, Masoodul Hasan Quereshi and Dr Mohammad Afzal for promotion to the grade 21.

After being left out these officers had written to the prime minister against this injustice, terming it a violation of their fundamental constitutional rights. Prime Minister Nawaz Sharif never heard the grievances of these officers.

The CSB is meeting again next week and the Planning Ministry has this time forwarded the names of five eligible officers including the names of the four officers whose names were not considered by the CSB. Due to denial of right on grade-22 post of chief economist and delay in promotions against two 21 grade posts of Secretariat Group, the officers' career progression has adversely affected.

<http://tribune.com.pk/story/1256716/lucrative-positions-pm-approves-appointment-cpec-coordinator/>

GOVT URGED TO REMOVE KP, BALOCHISTAN'S RESERVATIONS OVER CPEC

Dawn, December 9th, 2016

Saleem Shahid

QUETTA: The secretary general of Jamiat Ulema-i-Islam-Fazl (JUI-F), Maulana Abdul Ghafoor Haideri, on Thursday urged the government to turn the China-Pakistan Economic Corridor into a 'true mega project' by removing reservations about the western route among the people of Balochistan and Khyber Pakhtunkhwa.

Speaking at a press conference, he said without removing reservations of these two provinces, the CPEC project would remain 'controversial'.

The provincial general secretary of JUI-F, Sikandar Khan, and other party leaders were also present on the occasion.

The deputy chairman of Senate, Maulana Haideri, said that the government should make plans regarding CPEC public and inform political parties where the economic zones would be set up in Balochistan.

Maulana Haideri expressed deep sorrow over the PIA plane crash and called for an impartial and transparent inquiry into the tragedy.

"It is the government's responsibility to make the details of the inquiry report public to satisfy the people," he said.

Talking about the Panamagate scandal, he said that if the apex court constituted a commission for inquiry into the case with consensus of the stakeholders, the JUI-F would have no objection, adding that it was the parliament's right to take decisions on such matters based on mutual agreement.

Referring to the performance of Quetta Metropolitan Corporation (QMC), Maulana Haideri said the government allotted Rs42 billion for Quetta's development.

A big portion of the funds was looted and wasted without any investment in the provincial capital.

Regretting that the provincial government was not taking notice of the misuse of the QMC funds, he requested the federal government to conduct an impartial inquiry into the matter.

<http://www.dawn.com/news/1301407/govt-urged-to-remove-kp-balochistans-reservations-over-cpec>

CHINESE INVESTORS TO BRING \$150B AFTER CPEC: BOI CHIEF

The Express Tribune, December 9th, 2016.

Islamabad: Board of Investment (BoI) Chairman Dr Miftah Ismail has voiced hope that after completion of the China-Pakistan Economic Corridor (CPEC), \$150 billion worth of investment would be brought by Chinese investors in Pakistan.

"In the post-CPEC scenario, we will require skilled manpower to work in various industries in all provinces of the country," he said while delivering a speech at the three-day 19th Sustainable Development Conference on the theme of "Sustainable Development: Envisaging the Future Together".

The conference was organised by the Sustainable Development Policy Institute (SDPI).

Ismail emphasised that the government was keenly focusing on removing regional disparity and paving the way for equal development in all provinces, especially the remote regions.

Balochistan would get more benefits from CPEC and Gwadar Port would play a pivotal role in providing connectivity and enhancing regional trade opportunities, he said.

"CPEC will promote economic integration and regional connectivity for development and prosperity in the region," Ismail said. "All provinces and regions have a shared opportunity for infrastructure development and industrial growth, which provides employment opportunities and ensures prosperity in the country."

Turning to energy projects, he said work had got under way on the Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline while Central Asia-South Asia 1,000-megawatt power supply project would also meet energy needs of Pakistan.

Earlier speaking at the inaugural session, Adviser to the Prime Minister on Foreign Affairs Sartaj Aziz underlined the need for South-South collaboration for peace and prosperity in the region.

He also highlighted the importance of regional and international cooperation for meeting new targets of the Sustainable Development Goals (SDGs).

He called for more investment, adopting new technologies, building capacity and identifying barriers to achieve the targets of SDGs and Vision 2025.

While chairing the inaugural session, Federal Minister of Climate Change Zahid Hamid said the government's Vision 2025 had seven pillars and 25 goals, which were fully in line with the SDGs.

He insisted that implementation of the development agenda was possible with global and regional cooperation and CPEC was an example of that cooperation.

SDPI Executive Director Dr Abid Qaiyum Suleri said the conference provided a platform for evaluating and learning “what we have done wrong to avoid these mistakes in the future”.

<http://tribune.com.pk/story/1257770/expectation-chinese-investors-bring-150b-cpec-boi-chief/>

BEYOND CPEC

Dawn December 10th, 2016

TWO initiatives currently under way provide an example of how Pakistan’s regional integration potential goes far beyond CPEC and needs to be pursued on multiple fronts simultaneously. One includes the talks centring on the renewal of the free trade agreement signed with China in 2007.

The other is the move within the government about restarting talks with Iran on the import of natural gas through the pipeline project by seeking a renegotiation of the power purchase agreement (PPA). Both initiatives pull regional integration efforts in different directions, yet both remind us that there are multiple roads to integration, and placing all the emphasis on CPEC alone risks putting too many eggs in one basket.

The FTA with China is in bad need of overhaul. The original agreement of 2007 has had a severely negative impact on domestic industry and flooded the country with Chinese imports, even in agricultural produce. The trade deficit with China reached almost \$4bn in 2013, and two years later, in 2015 it jumped to \$9.1bn.

Now both countries are negotiating the second round of trade liberalisation as envisioned in the original agreement, and whereas the Pakistani side has carried the views of domestic industry to the talks, reports indicate they are having a difficult time getting the Chinese to accept the reservations. The second round envisions the trade liberalisation level to reach 90pc, in terms of tariff reductions, but it is crucial that Pakistan keep the interests of domestic industry in mind when moving forward towards the third round of talks scheduled for March next year. It is important to keep in mind that this is a completely separate issue from CPEC, and the two should not be allowed to mix.

While applying the brakes on the runaway trade liberalisation with China, the government can do more to accelerate similar initiatives with Iran. Trade can begin with natural gas, especially by proceeding in earnest with the construction of the portion of the pipeline that lies within Pakistan. Renegotiating the PPA is fair given the changes in oil pricing, but such talks will appear to be stalling tactics if the hardware to purchase the gas is not being built.

In time, the trade relationship with Iran can be expanded considerably to include other hydrocarbon resources as well, and regularise the imports of LPG. It is crucial to keep our focus when talking about regional integration, and not allow the entire project to be boxed under the CPEC label. Pakistan’s potential for regional integration is huge, and there are plenty of neighbours with whom there should be talks.

If the present climate makes dialogue with India and Afghanistan difficult, then this is a moment to pursue talks with China and Iran with a view to meeting the needs of domestic industry.

<http://www.dawn.com/news/1301492>

INDUSTRIAL PHASE OF CPEC TO KICK OFF SOON

The Express Tribune, December 11th, 2016.

Imran Rana

Faisalabad: The industrial phase of the China-Pakistan Economic Corridor (CPEC) is going to kick off soon under which Chinese investors would be allowed to set up only high tech industries, which would not have any negative impact on Pakistan's existing industry, said CPEC Acting Project Director Hasan Dawood.

Speaking to a delegation of the Faisalabad Chamber of Commerce and Industry (FCCI), he said that CPEC has three major perspectives including geo strategic, regional integration and industrial cooperation, adding that Chinese investors cannot afford any clash at any stage with Pakistani industrialists; hence, they prefer to concentrate on Gwadar Port.

The delegation, which was headed by FCCI Vice President Ahmed Hasan, met with the director and apprised him about the reservations of the local industrialists.

Three routes have been proposed to link China with Gwadar Port including eastern, western and central routes, which are expected to be completed by the year 2018, informed Dawood.

Talking about the industrial cooperation under CPEC, he said that working groups are being established to determine the needs of both countries. Four meetings between National Development and Reforms Commission of China and Planning Commission of Pakistan have already been held, said the director.

He said that working groups will have representation of all provinces and encouraged FCCI to present its proposal through their related province for discussion in the working group.

He further told that 36 economic zones would be established under CPEC which would not only create thousands of jobs but also gear up the pace of progress and prosperity.

<http://tribune.com.pk/story/1259824/progress-industrial-phase-cpec-kick-off-soon/>