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NEWS COVERAGE PERIOD FROM JANUARY 29TH TO FEBRUARY 4TH 2017

CPEC AND ITS ADVANTAGES

Business Recorder, 31 January 2018

Prime Minister Shahid Khaqan Abbasi, while inaugurating part of the One Belt One Road (OBOR) initiative stated that “this is perhaps the most important initiative of our generation... China Pakistan Economic Corridor today for Pakistan is this reality; the Gwadar port, the Gwadar free zone, the Eastway expressway and other projects in Gwadar.

It is the motorways and the highways that are linking Gwadar to Khunjerab that are linking Peshawar to Karachi. It is the modernization of our railway system. It is the establishment of our power projects and it is the special economic zones that will generate employment that will create exports for Pakistan and that will give prosperity to the people of Pakistan.”

This unambiguously overwhelming support for CPEC projects that envisages over 50 billion dollar investment inflows into Pakistan alone, announced during President Xi Jinping’s visit to Pakistan in 2015, is the outcome of the Chinese President’s vision to re-establish a modern equivalent of the Silk Road through creating a network of roads, railways, pipelines and utility grids linking China to as far away as Europe, the Far East and the Middle East; and more importantly to lead and create a platform for economic cooperation, policy coordination, trade and financing collaboration and social and cultural cooperation – a role that was hitherto played by the United States but which appears to have been trampled in the wake of President Trump’s ‘America First’ agenda.

The CPEC is a small component of President Xi’s worldview and consists of a set of projects that reflect the long standing solid ties between the peoples of China and Pakistan. To attribute these projects to one specific administration, notably the Sharif administration, makes a mockery of the decades’ long ties between the peoples of our two countries that have withstood the test of time.

It is also relevant to note that the PPP-led coalition government did engage in several discussions with their Chinese counterparts before President Xi was willing to sign the Memoranda of Understanding – a process that takes time to reach fruition.

But perhaps the most disturbing element of CPEC to-date is the persistent failure of the PML-administration to share details of the projects. It remains unclear which projects are going to be supported in the first phase specifically with respect to road networks, it is unclear at what terms and conditions financing is being made available (and this is all the more worrisome as foreign direct investment from China continues to decline and is at a pace of no more than around one billion dollars per annum at which rate it would take around half a century for CPEC to be completed), it is also unclear whether Chinese labour is being used or local labour as reports indicate that Chinese unskilled labour is engaged in the construction of roads; and, equally disturbingly,

it is unclear whether the envisaged economic zones would have a five-year tax-free holiday which would of course benefit the Chinese entrepreneurs who are expected to use Gwadar port as a means to export to the rest of the world. And there are serious concerns about the energy projects under the

CPEC as the consensus is that environment degradation has not been taken into account – a factor that is raising the costs of healthcare in this country manifold.

The government claims that it has shared details of CPEC projects with parliamentarians, a claim that is vociferously denied by members of the opposition. Frequent requests for information are stonewalled by the relevant Minister Ahsan Iqbal who has been unable to satisfy members of the opposition as well as the media as to exactly what terms and conditions have been agreed and whether any would benefit this country more than the Chinese.

To overcome these concerns, transparency is the only way forward but unfortunately, the current administration has allowed transparency to be compromised time and again in all sectors which, in turn, has simply fuelled accusations of corruption.

It is time to come clean for the economic health of the CPEC projects as well as the country and one would hope that Shahid Khaqan Abbasi leads the way in this regard.

<https://epaper.brecorder.com/2018/01/31/20-page/697226-news.html>

SOME CPEC PROJECTS COULD GET LISTED AT PAKISTAN'S STOCK MARKET

The Express Tribune, January 30th, 2018.

Gwadar Free Trade Zone projects, which fall under the umbrella of the China-Pakistan Economic Corridor (CPEC), could be listed at the Pakistan Stock Exchange (PSX), a move aimed at helping Chinese investors raise funds for the endeavour.

In a statement released on Monday, the PSX said it would facilitate Chinese investors – under the broader CPEC projects – in raising funds for projects to be set up at the Gwadar Free Trade Zone and get listed at the bourse.

In this regard, the statement added, the PSX and China Overseas Ports Holding Company Pakistan (Pvt.) Limited (COPHS) officials signed a Memorandum of Understanding (MoU). Prime Minister Shahid Khaqan Abbasi, along with other Pakistani and Chinese government officials, witnessed the signing ceremony.

“The primary purpose of the MoU is that the PSX will make its best endeavour to help and facilitate the investors, businesses and companies in the Gwadar Free Trade Zone, so that they can raise funds from the exchange,” the statement said.

“The COPHC will extend help to the PSX in conducting due diligence on the investors and businesses in Gwadar Free Zone that are applying to the stock market for listing of equity and debt securities.”

Through the MoU, both companies have mutually agreed to cooperate for listing of equity and debt securities at PSX, in response to strategic national priorities of the Government of People's Republic of China and Islamic Republic of Pakistan with respect to ‘One Belt-One Road’ initiative in general and ‘China-Pakistan Economic Corridor (CPEC)’ initiative in particular.

Development at Gwadar Port and Gwadar Free Trade Zone suggests that the Chinese government and private sector entities would invest at the free trade zone. The port and the trade zone are both part of

the broader CPEC projects worth over \$60 billion. CPEC projects largely fall in the areas of infrastructure development and setting up of power projects in Pakistan.

The PSX is the national securities exchange of Pakistan, whereas the COPHS is a China-based multinational organisation, which provides expert marine services, container terminal management and maintenance of port facility services.

COPHS works in Pakistan with an aim to transform one of the most strategically located port of Gwadar into an economic hub of Pakistan and will cater to all types of international commercial activities generated from one business to another, irrespective of quantity, quantum and magnitude.

“Gwadar has enormous potential from all angles and dimensions for any kind of business activity, whether known or emerging with ever developing technologies,” added the statement.

<https://tribune.com.pk/story/1621425/2-cpec-projects-get-listed-pakistans-stock-market/>

CHINA NOT LOSING INTEREST IN CPEC PROJECTS: ENVOY

Business Recorder , Feb 2nd, 2018

The Ambassador of China, Yao Jing has dispelled the impression that their country losing interest in the CPEC projects, adding that Chinese government wanted expeditious execution of developmental schemes in Khyber Pakhtunkhwa and its adjoining tribal belt. This was told during a meeting of Chinese ambassador Yao Jing with Chief Minister Khyber Pakhtunkhwa Pervez Khattak here on Thursday at CM House, Peshawar. Speaker KP Assembly Asad Qaisar was also present on this occasion.

Besides, threadbare discussion other matters of bilateral interest and highlighting the geo-political and economic importance of Khyber Pakhtunkhwa, the chief minister also apprised the Chinese ambassador about reservations of the provincial government on pace of work over CPEC projects, especially about the western route. Yao Jing appreciated the steps of the KP government for expediting developmental process in the province, strengthening the institutions and ensuring welfare of the masses.

He said that the Chinese government and people realized the level of poverty and joblessness among people along its bordering countries, including Pakistan and Afghanistan. Hence his government not only wanted their political and economic stability but was also ready to contribute its due share in this respect, he added.

He said that Chinese government was unveiling a plan of implementing livelihood and self-employment schemes for the poor people to remove backwardness on both sides of the Pak-Afghan border. He said that his government would need the help of KP government side-by-side with that of the governments of Pakistan and Afghanistan to cherish the real targets of this plan.

The Chinese ambassador assured timely and quality completion of the CPEC & non-CPEC developmental projects being launched by his country. He said that his country has sponsored a number of hydel power generation schemes in the province to overcome the energy crisis in the country. He offered further cooperation in various sectors including health, education, skills, culture,

transport and communication. He said that there were vast opportunities of Sino-Pak by lateral cooperation to promote fraternity among the two nations.

<https://fp.brecorder.com/2018/02/20180202340469/>

BALOCH MILITANTS NO LONGER A THREAT TO CPEC, SAYS CHINESE ENVOY

Dawn, February 3rd, 2018

KARACHI: The Baloch militant organizations are no longer a threat to the China-Pakistan Economic Corridor (CPEC), said Chinese Ambassador to Pakistan Yao Jing, adding that members of banned outfits were “not true Pakistanis”.

In an interview to BBC Urdu, he sounded confident that Gwadar port would soon become one of the world’s trading hubs as the security situation in Pakistan had improved to a large extent in the last few years. “If they [Baloch militants] are true Pakistanis, they should work in the interest of Pakistan,” he said brushing aside their capacity of becoming a threat to China, Pakistan and their CPEC project.

Mr Yao said he was satisfied with the security provided to about 10,000 Chinese nationals working on different CPEC projects in Pakistan which also has some 60,000 local people on different jobs.

<https://www.dawn.com/news/1387023/baloch-militants-no-longer-a-threat-to-cpec-says-chinese-envoy>

CPEC SPECIAL PROTECTION UNIT APPROVED FOR GB

Jamil Nagri

Dawn, October 06, 2017

GILGIT: The federal government has approved the establishment of a special protection unit in Gilgit-Baltistan for providing security to foreigners working on the China-Pakistan Economic Corridor project, said GB home secretary Bilal Ahmad Memon on Thursday.

The home secretary told reporters here that the appointment of 700 security personnel and release of Rs2.66 billion had been approved for the CPEC special protection unit.

He said the country’s enemies were hatching conspiracies against the CPEC project but those conspiracies would be foiled through excellent security measures.

Mr Memon said the prime minister had also approved the purchase of bulletproof vehicles for GB Chief Minister Hafeezur Rehman and Governor Mir Gazanfar Ali Khan for their security.

Home secretary says registration, regulation of seminaries underway

He said the National Action Plan on security was being strictly implemented in the region.

The home secretary said registration and regulation of seminaries in the region was underway.

He said unregistered seminaries would be registered until the end of the current month.

Mr Memon said all deputy commissioners in the region had been directed to collect the data of seminaries in their respective areas and send it to the interior ministry by the end of the current month.

He said nonprofit organisations and international nongovernmental organisations in the region were being monitored.

“The registration of many fake NGOs has been cancelled for violation of the relevant laws. The INGOs have to secure NOC from the interior ministry to operate in GB,” he said.

The home secretary said investigation into the operations of NGOs and INGOs in the region was underway and final report about it would be submitted to the Apex Committee in the next meeting.

He said security of jails in the region had been enhanced to foil possible terrorism activity, while work on the new jail would be completed by June next.

<https://www.dawn.com/news/1362042>

NEWS COVERAGE PERIOD FROM JANUARY 22ND TO JANUARY 28 TH 2018
CHINA WILL RESTORE CPEC FUNDS: MUSHAHID
Dawn, January 23rd, 2018

ISLAMABAD: Beijing has assured Pakistan of restoring funds supply to China-Pakistan Economic Corridor (CPEC) projects, said Senator Mushahid Hussain Sayed while speaking to Dawn after presiding over a meeting of the parliamentary committee on CPEC on Monday.

Chinese Ambassador to Pakistan Yao Jing, who also attended the committee’s meeting and gave a briefing on his government’s policy regarding CPEC, said that to keep funding CPEC was among the priorities of China’s foreign policy viz -a-viz CPEC so that it could move forward, “making CPEC more sustainable,” stated an official press release issued following the meeting.

Senator Hussain said a delegation of four federal secretaries led by Planning and Development Secretary Shoaib Siddiqui was assured by the Chinese authorities during their recent visit to China that the Chinese government would continue to fund the CPEC projects under a new ‘financial mechanism’. These projects included building of the CPEC’s western route, the Karachi Circular Railway, and the dualisation and upgrade of Main Line-1 of the Pakistan Railways, he said.

The federal secretaries of communication, Pakistan Railways, Board of Investment and a secretary from the Sindh government were part of the delegation.

China had temporarily stopped funding of some projects particularly those related to the road network under the CPEC till further decision about ‘new guidelines’ to be issued from Beijing, according to media reports.

The Chinese government decision had been conveyed to Pakistan in the last Joint Working Group (JWG) meeting held in November 2017 that the previous procedure for the release of funds had been abolished. Under the previous procedure, the projects were to be approved at six different forums after which the funds were released.

The suspension of funds had also affected over Rs1 trillion road projects of the National Highway Authority (NHA). They are: 210-km Dera Ismail Khan-Zhob Road, at an estimated cost of Rs81 billion. Of this, Rs66bn will be spent on construction of road and Rs15bn on land acquisition. Also, the Rs19.76bn 110-km Khuzdar-Basima Road and the Rs8.5bn 136-km remaining portion of Karakoram Highway (KKH) from Raikot to Thakot have been affected.

At the parliamentary committee meeting that lasted over two and a half hours, Senator Hussain said the briefing given by the Chinese ambassador improved ‘satisfaction’ level on both sides, making CPEC more understandable for the media with transparency and access to information.

According to the official press release issued after the meeting, the Chinese ambassador termed Pakistan China’s “most important partner” and said China and Pakistan would protect their “common interests together”.

<https://www.dawn.com/news/1384661>

SPEAKER TERMS CPEC ‘A BRILLIANT INITIATIVE OF CENTURY’

Business Recorder, 24, January 2018

ISLAMABAD: Speaker National Assembly Sardar Ayaz Sadiq has said that One Built One Road (OBOR) is the most brilliant initiative of the century and China-Pakistan Economic Corridor (CPEC) is the major part of this project.

The Speaker expressed these views while talking to the Ambassador of China Yao Jing who called on him here at Parliament House on Tuesday, said a press release.

He said that China has a special place in our heart and the friendship between two neighbours has no parallel in international relations.

He said that Pakistan is fully committed to the timely completion of all projects under CPEC. He underlined the need for regular interaction between the Parliamentarians and business community of both the countries to further strengthen the existing relations.

He said that the relations between Pakistan and China based on shared geopolitical, economic, historical and strategic interest and both the countries have always stood with each other at difficult times.

While discussing the First Speakers Conference held in Islamabad Sadiq said, “We must resolve our issues with collective wisdom of the region.” He further said the time will come very soon when we will control the menace of terrorism and will enhance the connectivity for prosperity among stakeholders of the region.

While congratulating the Speaker on holding the Speakers Conference in Islamabad, Chinese Ambassador Yao Jing declared this event “The beauty of the Parliamentary Diplomacy” and all credit goes to Ayaz Sadiq.

He further said that this remarkable conference has encouraged the regional stake holders for further strengthening of parliamentary cooperation and connectivity to achieve sustainable peace and prosperity as well as this conference will prove the blessing of the whole region. Yao Jing said that strong and prosperous Pakistan is the real strength of China.—PR

<https://epaper.brecorder.com/2018/01/24/3-page/695785-news.html>

CPEC TO BOOST PAKISTAN'S ECONOMY: DHEDHI

Business Recorder, 25 January 2018

KARACHI: The China-Pakistan Economic Corridor will become a game-changer for Pakistan's economy, said Aqeel Karim Dhedhi, in an address as the key note speaker during a lecture held by the Rice Exporters Association of Pakistan on Wednesday.

"CPEC is a good dream and we can make it better for our country. It will become a game-changer for our country's economy," he added.

However, he said that, it will take time that Pakistani business community will be able to get benefit of this project, as in the transition period they will face many challenges.

He said that the government was imposing a regularity duty and taking other steps to save foreign exchange to cover the trade deficit. However, smuggling will increase with higher duties on imports, and it will also hurt the economy.

Dhedhi said that in the context of CPEC, Pak-China friendship will become stronger in all segment, particularly in the economic field.

He said that, some countries like India, America and Israel are keeping an eye on CPEC and its related projects. He suggested a proper platform for the business community, which should discuss their problems with government authorities. Business community can also use the platforms of the chambers of commerce or the FPCCI, because the currently government is listening to their suggestions, he added.

In a welcome address, Rafique Suleman, senior vice chairman of REAP, said that the current fiscal year is showing positive growth in rice exports and said he was hopeful that Pakistan will achieve \$2 billion target this year.

He said that CPEC will bring revolutionary economic changes in Pakistan and China will also get many benefits from this project. However, we feel that Pakistan is being watched with an evil eye after CPEC, he added.

In this regard, he said that Pakistan must sign a defence agreements with China in the context of CPEC, under which both of countries will stand side by side if anyone hurts one country.

Chaudhry Samee Ullah, chairman of REAP, said that Pakistani basmati rice is facing severe challenges. He called for an industry status for the rice export trade.

Abdul Rahim Janoo, ex-chairman of REAP, said in his speech that the rice export trade is the only sector which has shown tremendous growth in the past decade and achieved a \$2 billion mark, starting from \$300 million. However, due to the tough competition in the international market and the financial crunch, this sector has become stagnant and the Government of Pakistan must support the second-largest earner of valuable foreign exchange for the country.

<https://epaper.brecorder.com/2018/01/25/5-page/695985-news.html>

PEF, CPFTA AND CPEC

Business Recorder, 25 January 2018

Shabir Ahmed

Lots of acronyms there! PEF is Pakistan Economic Forum whose fourth edition was show-cased last week. CPFTA is China Pakistan FTA now being 'renegotiated'. CPEC is the known unknown.

PEF lacked originality, and not just in its name that clones the World Economic Forum. It also lacked 'newness' – what was said had been heard before.

The 'findings' -low investment, savings, and tax ratios; external sector threats (exports, FDI, short-term external debt liabilities, misaligned exchange rate); poor quality of human resource and high 'cost of doing business' –read like a page out of the IMF handbook.

The 'recommendations' too have a sense of déjà vu about them. We have already heard of the Vietnam and China models, Malaysian Khazana scheme and the Kenyan M-PESA. Platitudinous reiterations like "Balance of payment needs a measured response with fiscal, monetary, and exchange rate adjustments", that we need a "policy to attract FDI in value added sectors", or a "fiscal policy that promotes capital formulation, accumulation, and investments" don't really help, unless accompanied with an examination of why these same recommendations could not be acted upon by successive governments.

The tax policy part didn't say anything new either. The issues identified and solutions suggested have become part of taxation folklore – dreams that do not materialize. Some have been tried and reversed (separation of tax policy from tax collection) others met stiff resistance (documentation and filing of tax returns).

The bottom line is that good ideas are rarely found missing. More often, what is missing is a better understanding of the politics of policymaking. What is missing is connecting the now (when the roof is falling over your head) to the later (when you have accumulated enough to fix the house). What is missing is inclusivity – and rising above self.

'Make in Pakistan' is a seductive topline. The over-taxed and increasingly uncompetitive manufacturing sector is crying out loud for help. But would the kind of action proposed by the PEF rescue the sector? Or is it designed to further the fortunes of the corporate elite?

Boiled down to basics 'Make in Pakistan' implies import substitution, which comes on the stilts of protection (against imports) and subsidies (to 'level the field'). There is sufficient research available to establish import substitution (infant industry argument apart) doesn't work, and most certainly

exacerbates balance of payments. And, notwithstanding PEF's implied contrariness, excessive protection and subsidies promote inefficiencies, thwart economies of scale, and make you less competitive.

Ironically, PEF cautioned against Free Trade Agreements (FTA) and singled out CPFTA in particular for 'damaging' domestic manufacturing. This betrays an extraordinary lack of understanding of FTAs' contribution to welfare, competitiveness, and reforms. The world, with more than 450 FTAs, couldn't have got it all wrong!

This is no place for a primer on benefits of Trade Integration but today the name of the game is global value chains. You can kiss GVC good-bye if you don't have interlocking FTAs. FTAs spur FDI in exports as well. And if you don't integrate the fourth industrial revolution (4IR) will pass you by and leave you an orphan of internet of things, robotics, and artificial intelligence.

It is a mistake to see FTAs through the narrow prism of trade gains, especially in these times of declining tariffs. FTAs are all about forcing reforms – actions to leverage your strengths and overcome your weaknesses. Competition can never be the cause of deindustrialization; lack of competition often is. Protection is a costly reprieve that becomes habit forming.

PEF was right in sharing its concerns on the role of CPEC – enhancer or extractor – and in seeking a national growth strategy around it. It was wrong in not focusing on how to get the most out of the infrastructure planned under CPEC and how it is now up to the private sector to build on it, through JVs, B2B alliances, and technology transfers.

PEF's base-line case – macroeconomic stability, a fair taxation policy, and safeguard action against unfair competition from abroad – is like stating the obvious. Equally obvious, but not touched upon, is consumer interest versus job creation; and the industry leaders' quid pro quo – what will they give in exchange for what they are asking?

We would be willing to give a pound of consumer interest- cars, steel, fertilizer, cement, financial services priced significantly above international levels – to get a penny of job creation. But is that the case? What our employment numbers tell us is that the formal sector does not produce that many jobs, and large-scale manufacturing's job elasticities will get lower as capital intensity gets higher.

How we wish PEF had situated its case in reciprocity. What it didn't say ("If you give us a supportive policy environment we will give you so many more units of employment, revenues, and exports – and a greater welfare impact") said more than what it did.

What is quizzical is that the PEF panelists, each a well-respected name, have often been on record against rent seeking. In Islamabad did they unwittingly defy the rules of economics to make out a case that is rent seeking in all but name?

What is bothersome is narrowness of focus. PEF sponsors represent the best and the biggest, with a legitimate claim to leadership. Their market capitalization and their cross-sectoral sway (from textiles to cement to chemicals to food and beverages to power), entitles them to speak for national interest. Did they? Anything about Environment, for instance? What about the plight of the industrial worker and the state of 'social compliance'? Did they allow themselves to worry about the growing inequalities?

They did, however, talk about a ‘law’ for assets abroad, another way of suggesting amnesty for those who took the money out instead of employing it here to bolster investment, savings, and growth.

One understands where the corporate elite are coming from, but more than the message it is about the messenger – an exclusive club of some five dozen corporates, about half of them Multinationals and the other half family owned, making the kind of money that will be the envy of most here and abroad.

No one grudges them their riches. But isn’t it in their own larger interest to welcome fair competition, including from abroad, and be more mindful of consumer interests? shabirahmed@yahoo.com

<https://epaper.brecorder.com/2018/01/25/20-page/696132-news.html>

CPEC TO PROVIDE DIVIDENDS FOR CENTURIES: PM

Business Recorder, 26 January 2018

ISLAMABAD: Prime Minister Shahid Khaqan Abbasi Thursday said the China Pakistan Economic Corridor (CPEC) would provide dividends for centuries to come in the shape of employment generation, industrial growth and connectivity.

Speaking at a breakfast meeting arranged by the Pathfinder Group in Davos, on the sidelines of the World Economic Forum (WEF), he said consolidation of democracy in Pakistan was a positive indicator and stressed all institutions should work hand-in hand for development and stability of Pakistan, a press release said.

The prime minister said Pakistan was privileged to be part of the visionary Chinese leaderships’ Belt and Road Initiative.

The meeting was also attended by Pakistani businessmen, media representatives, friends of Pakistan from several nations.

Abbasi said the PML-N government, on assuming power, faced major challenges of law and order, terrorism, energy shortage and an under-performing economy.

He said due to the hard work and commitment of government, law and order had improved considerably and restored investors’ confidence. “I met several business leaders here in Davos and all of them expressed a strong desire to invest and expand businesses in Pakistan,” the prime minister said.

Elaborating the success achieved in eliminating terrorism, he said Pakistan had fought the war against terrorism from its own resources with a heavy toll on human lives and substantial loss to the economy.

Pakistan had been hosting around three million Afghan refugees since long which was the longest and largest refuge provided anywhere around the globe. The world must acknowledge Pakistan’s efforts and sacrifices, he said.

Regarding the progress made on energy front, he said Pakistan had surplus gas and overcome energy deficiency in a sustainable and efficient way. “We have diversified our energy mix and with inclusion of coal and gas instead of expensive conventional fuels,” the prime minister said.

Pakistan had achieved high economic growth with low inflation and it was a positive scenario augmenting greater investor confidence, he said and added Pakistan had completed 1,700 kilometres of six-lane motorways under the CPEC, a target which many developed countries found hard to achieve.

He said Gwadar port was operational and provided world class shipment and logistical facilities.

Meanwhile, the PM met Jean-Yves Charlier, Group CEO of VEON (operating under brand name Jazz in Pakistan) at the WEF.

During the meeting, the PM appreciated VEON’s investment, performance, and Corporate Social Responsibility (CSR) activities in Pakistan including mobile learning and relief efforts rendered during natural disasters. He also acknowledged VEON’s investment in the training and development of its workforce and thanked the CEO for providing many Pakistanis the opportunity to work in a progressive and learning environment.

CEO VEON thanked the Prime Minister for the support provided by the Government in facilitating VEON’s operation in Pakistan and acknowledged Pakistan’s successful drive towards digitization.

VEON fully supports the digital vision of the present government and remains committed to support it through innovative solutions, added the CEO.

VEON (Jazz) is Pakistan’s largest telecom service provider and the company has so far invested billions of dollars in Pakistan. PM Shahid Khaqan Abbasi Wednesday appreciated Uber for spearheading the model of a “sharing economy” and invited the global taxi company to partner with Pakistani banks and the Prime Minister’s Youth Programme to help drivers in financing vehicles for Uber.

The PM was talking to Dara Khowsroshahi, Chief Executive Officer (CEO) of Uber Technologies Inc at the sidelines of WEF.

Minister of State for Information Technology M Anusha Rehman, Special Assistant to the Prime Minister Ali Jehangir Siddiqui and senior government officials were also present during the meeting, a press release received here said. The prime minister and the Uber’s CEO discussed the avenues and opportunities regarding effective participation by Uber in Pakistan’s economy in a meaningful manner.

PM Abbasi said Pakistani market held a lot of potential for the Uber, which could provide the commuters added value for money.

Uber Technologies Inc is a global technology company, operational in 633 cities. It launched operations in Pakistan in March 2016 and is operational in seven cities, providing income to 63,000 drivers, servicing 1.27 million riders. In addition, PM Shahid Khaqan Abbasi Wednesday invited

Trina-Solar, a company that provides smart solar solutions, to establish a manufacturing plant for solar panels in Pakistan.

The Government of Pakistan would provide full support and tax incentives to encourage local manufacturing that would help in employment generation and provide an affordable alternative in the energy mix of the country, he added.

The PM extended this invitation during the meeting with Jifan Gao, Chairman/Chief Executive Officer of Trina-Solar at WEF. The Trina-Solar chairman thanked the PM and stated that the company would seriously consider establishment of a local manufacturing solar panels' plant.

Trina-Solar delivers smart solar solutions, PV products, applications and services to promote global sustainable development.—APP

<https://epaper.brecorder.com/2018/01/26/1-page/696160-news.html>

PM TO VISIT GWADAR AMID CONCERNS OVER ANTI-CPEC PROPAGANDA

The Express Tribune, January 27, 2018

Sardar Sikander

Prime Minister Shahid Khaqan Abbasi plans to visit Gwadar on Monday amid reports of slow-paced development work and lack of basic amenities in the port city, and also to counter Indian propaganda against the China-Pakistan Economic Corridor (CPEC).

Civic issues, including lack of water and improper sanitation system, have mounted concerns of the Chinese authorities that have stressed the need for adequate steps to keep pace with the fast-tracked development of the port city, according to officials familiar with the issue.

In this context, Prime Minister Abbasi has decided to respond to the situation himself, The Express Tribune has learnt.

The PM will review progress on development projects in Gwadar being pursued under CPEC and related infrastructure ventures.

In addition, the prime minister is also likely to launch the first-ever international exhibition in the Gwadar Free Zone, which is being jointly-organised by the China Overseas Ports Holding Company and the Gwadar Port Authority.

More than 200 companies from China and Pakistan in various sectors are scheduled to participate in the exhibition.

A government official, requesting anonymity, said that shortage of water, clean water, in particular, could pose problems related to housing projects in Gwadar given that both China and Pakistan had made sizable investments to introduce state-of-the-art commercial and residential schemes in the city.

In addition, Beijing's reported concern regarding propaganda against CPEC is also among the main reasons behind Abbasi's coming visit to the port city.

“Stakes are high as more than \$50 billion is being invested in the project which is regarded as a game-changer for the region and the lifeline for Pakistan and China,” said the sources.

“In such a situation, any kind of misgivings or concerns need to be addressed at the highest level,” they added while explaining the purpose behind the PM’s planned visit to Gwadar.

For the last year or so, according to the sources, security agencies have taken effective measures to counter RAW-funded propaganda against CPEC. In this connection, raids were carried out in different parts of Pakistan, including Gwadar, as well as other areas, including Azad Jammu and Kashmir and Gilgit-Baltistan.

In January last year, the arrest of 12 people from G-B linked to the Balawaristan National Front (BNF) – a covert movement reportedly out to sabotage CPEC projects in Pakistan, AJK and G-B through terrorist activities – was part of the plan to counter conspiracies against the CPEC.

Up to Rs350 million provided by RAW was recovered from BNF members, according to the officials.

On Tuesday while talking to reporters, the prime minister had denied slow pace of development in certain areas of Gwadar was due to water shortages. He said there was no development in Gwadar before the arrival of the Pakistan Muslim League-Nawaz (PML-N) government in 2013.

“Musharraf kept selling plots, but [carried out] no development. There were nameplates of six PMs in Gwadar, but no progress. There weren’t even cranes and machinery for infrastructure work. Now, if you can go there, you can see the progress,” he told reporters.

The PM said Rs22 billion was spent on Gwadar Expressway, a significant road network to connect Gwadar with the rest of Pakistan.

<https://tribune.com.pk/story/1619245/1-pm-visit-gwadar-amid-concerns-anti-cpec-propaganda>

NEWS COVERAGE PERIOD FROM JANUARY 15TH TO JANUARY 21ST 2017
PAKISTAN NEEDS TO EXPLORE EXPORT-BOOSTING AVENUES THROUGH CPEC
The Express Tribune, January 15th, 2018.

The China-Pakistan Economic Corridor (CPEC) is a key component of the One Belt, One Road (OBOR) initiative undertaken by Beijing.

OBOR, the modern-day Silk Route, will connect China to other countries in the world through land and sea. It has been designed to create a trade network by following the principle of joint economic development, enhancement of trade and shared benefits for all participating nations.

Pakistan is an important stakeholder in the trade corridor. The influx of Chinese investment and businesses holds great promise for the country.

Not only this, it is envisaged that positive externalities will emerge through increased foreign exchange and exports. Owing to the inflow of businesses, domestic enterprises may benefit, since the trade route from China will require a litany of facilities to ensure a smooth flow of trade.

In order to explore the potential that CPEC holds, the Small and Medium Enterprises Development Authority (Smeda) has conducted a study for the identification of sectors in order to enhance economic cooperation with China. The study pertains to the prospects for Pakistan's business community, especially SMEs, as CPEC will inevitably strengthen economic integration with the world's largest trading nation, China.

In the study, trade potential has been identified by adopting a three-pronged approach which includes a detailed analysis of Pakistan's trade with China, focus group discussions and stakeholder input in terms of a short survey. In the past few years, Pakistan's imports from China have increased disproportionately compared to its exports to China.

Pakistan's exports to China were \$1.59 billion while imports stood at \$13.68 billion in 2016. The trade deficit was \$12.09 billion, accounting for 46% of Pakistan's total trade deficit.

Under CPEC, it is envisaged that Pakistan's share in global trade will soar, but it is vital to adopt an approach which can lead to a reduction in the prevalent trade deficit with China.

The first step to increase Pakistan's exports under CPEC is through identification of products that can be exported to China. A good starting point is to study the export supply capacity and/or import demand ability to assess the trade opportunities by identifying product trends.

Pakistan, a developing country, has an interest in exploring new export products while China may want to concentrate on discovering new markets for its existing export goods.

In order to identify the products that can be exported by Pakistan, China's imports from the world have been matched with Pakistan's exports to the world and Pakistan's exports to China.

China imported a total of 5,578 types of products from around the world in 2015. On the other hand, Pakistan exported 795 types of products (each product valuing at \$1 million) to the world.

From a total of 795 products, Pakistan exported 513 types of products to China.

Pakistan's exports to China have been divided into high-value exports (HVE), medium-value exports (MVE) and low-value exports. These products can be used to explore the untapped potential in terms of exports. Products identified as LVE may have even higher unrealised export potential.

Some products identified as HVE are meat, fish, mangoes, chromium ores and concentrates, medical instruments, marble, footwear, rice, milk and cream, granulated sugar, denim, ethyl alcohol and footballs.

Products identified as MVE are maize, milk and cream solids, bananas, leather handbags, plastic/textile material handbags, polyethylene terephthalate, sweet biscuits, modified polystyrene, safety razor blades, orange juice, natural honey, frozen fish, frozen edible bovine offal, butter milk, butcher knives and hunting knives.

Some products under the LVE category are bran, articles of leather, paints and varnishes, articles of stone, folding cartons and boxes, coats and jackets, hydrochloric acid, tools for

maisons/watchmakers/miners, crates and similar articles of plastic, ball point pens, vegetable products, fruit seeds for sowing, articles of wood, clover seeds for sowing, shelled almonds, hide and skin of goats and crabs.

It is vital for Pakistan to broaden its export base to achieve growth targets and rein in the trade deficit. The increasing deficit is driven by a 7% fall in exports from 2015 to 2016 and an 8% increase in imports in the same time period. The average decrease in export value between 2012 and 2016 is 2% per annum.

Pakistan's exporters are suffering from a combination of low growth in key markets and increasing competition from other developing countries in a range of product categories.

An automatic decrease in Pakistan's imports is not expected in the near future and the axiomatic approach belabouring the point that exports need to increase has failed, as past record illustrates.

To reap long-term economic benefits, China and Pakistan should avoid industrial competition and rather focus on developing complementarities.

Through establishing enterprises, contracting projects and technology transfer, China can support Pakistan to develop its comparatively advantageous industries such as mining, agriculture and various manufacturing sub-sectors.

Thus, the various modes for industrial cooperation that may be explored include joint ventures, technical cooperation, foreign direct investment, mergers and acquisitions, reciprocal business opportunities and incentives. The world is keenly observing the positive externalities of this economic union and it is also drawing the ire of Pakistan's neighbours. Their influences can pose a threat to CPEC, however, Pakistan and China are working assiduously to make it a success.

It is well known that China's investment in Pakistan is not a completely altruistic endeavour, albeit majority of Pakistani citizens are looking forward to CPEC as a harbinger of opportunities and a catalyst for employment generation.

CPEC may have garnered all the adulation, however, only an aggressive policy shift to enhance exports may be fruitful in the long run.

The writers are associated with the Policy and Planning Division, Smeda

<https://tribune.com.pk/story/1608760/2-pakistan-needs-explore-export-boosting-avenues-cpec/>

PAKISTAN SHOULD MAKE CPEC PART OF ITS NATIONAL STRATEGY: CHINESE ENVOY
Business Recorder, 16 January 2018

ISLAMABAD: Ambassador of China in Pakistan Yao Jing on Monday said that Pakistan should make China Pakistan Economic Corridor (CPEC) a part of its national strategy as it would contribute to its long-term economic development as well as the development of the whole region.

He was speaking at a seminar on "CPEC: A Win-Win Project" jointly organized by Islamabad Chamber of Commerce and Industry and Islamabad Institute of Conflict Resolution. The Chinese

envoy said that CPEC was a win-win project for both Pakistan and China and it would further strengthen bilateral relations between the two countries.

He said China considered Pakistan most reliable friend and wanted to see it economically developed; as a strong Pakistan is good for China and for the region. He said amongst 6 corridors, CPEC was running smoothly and fast.

“China believes that CPEC would put Pakistan on the path of industrialization, jobs creation and regional connectivity,” he said adding CPEC would also help Pakistan in overcoming energy problems and improving its economic growth through construction of roads and railways network.

He said China wanted that private sector of Pakistan should capitalize on CPEC for growth and expansion. He said business community of Pakistan should get benefits from Special Economic Zones to be set up under CPEC and develop mutually beneficial JVS with Chinese counterparts.

Speaking at the occasion, Sheikh Amir Waheed, President, Islamabad Chamber of Commerce & Industry appreciated the decision of Chinese leadership to bring CPEC to Pakistan as it has started a new era of long-term business partnership between Pakistan and China. He hoped that CPEC would put Pakistan on the fast track of industrialization and accelerate the pace of its economic development. He stressed that CPEC should create opportunities of growth for indigenous industry and support in its modernization. He assured that ICCI would collaborate with Chinese Embassy to promote business partnerships between the private sectors of both countries under CPEC.

Chief Executive, Army Welfare Trust and Member, Advisory Board of Islamabad Institute of Conflict Resolution, Maj. Gen. Raza Muhammad (retd) said that CPEC dialogue was started in 1980s and now this project was turned into a reality. He said CPEC would revive old silk route, develop strong connectivity between Kashgar and Gwadar and would make Gwadar one of the biggest port of the world. He urged that government should focus on making Pakistan’s youth multi-skilled so that youth could play useful role in CPEC execution. He said China has shifted from a controlled economy to market economy and Pakistan has good opportunity to learn from Chinese experience to put its economy on the path of sustainable growth.—APP

<https://epaper.brecorder.com/2018/01/16/5-page/694196-news.html>

INDUSTRY GROUP CALLS FOR RELEASE OF DETAILED CPEC LONG-TERM PLAN

Khaleeq Kiani

Dawn, January 18, 2018

ISLAMABAD: Identifying short-term external liabilities as a significant challenge, Pakistan Business Council (PBC) on Wednesday called for a measured watch on increasing Chinese footprint in Pakistan’s economy and a calculated response with fiscal, monetary and exchange rate adjustments to manage the balance of payments.

At the Pakistan Economic Forum also attended by Prime Minister Shahid Khaqan Abbasi, the influential group representing 66 of the largest industrial groups of the country said the massive China-Pakistan Economic Corridor (CPEC) offered opportunities for the economy to benefit from

improved infrastructure and high job creation but wanted a cautious approach to monitor future openings.

“Chinese investment must be seen to serve as an enhancer to domestic businesses, not as an ‘extractor’ from them,” the PBC said in its final report made public at the event.

The council strongly demanded the release of the detailed CPEC long-term plan to the business community, followed by the creation of a formal body to hold discussions among Planning Commission, representatives of the country’s business and financial sectors and relevant regulatory authorities — State Bank of Pakistan and Securities and Exchange Commission of Pakistan.

There were a lot of queries, concerns and different misapprehensions surrounding the CPEC at present on the part of both domestic and multilateral agents, which must be addressed, the report said.

“Already damaged by the free trade agreement (FTA) with China, many businesses in Pakistan are concerned that Chinese companies will use the CPEC ‘umbrella’ to further increase their share of the domestic market, through the proposed special economic zones (SEZs), or through the incorporation of Xinjiang within CPEC,” the report said.

Speaking of the Chinese enterprises coming to Pakistan, the report said that “so far, their work here has involved less use of Pakistani manpower and resources than expected,” noting that except for power projects, no large Pakistani business houses were known to have partnered with Chinese companies in manufacturing or other enterprise, and Chinese companies were, anecdotally, active in seeking investments within Pakistan largely on, and of, their own.

The council also suggested that responsibility for approval and monitoring of all CPEC projects be consolidated under the aegis of an empowered and fully staffed authority as its sole responsibility.

CPEC operates through different levels, and departments, of the government, and separately, the private sector. If each counterparty is left to negotiate terms, oversee implementation, and respond to problems, Pakistan can end up with different responses to similar issues, and also different procedures, rates and prices, compromising our control and influence on the whole process as it rolls forward.

Centralisation will allow the development of common criteria, build project supervision experience and expertise at a single point, and allow smoother and faster project implementation, the PBC advised.

PBC Chairman Muhammad Ali Tabba said while short-term measures required to manage the immediate challenges, macroeconomic stability could only be sustained through fundamental reforms that required political will. With general election is approaching, he said, some of the decisions will have to be fast-tracked.

Syed Shabbar Zaidi, Partner AF Ferguson and Company, criticised growing reliance of the fiscal policy on collecting revenues from imports through duties, presumptive and sales tax on a full and final basis and manufacturing sector being 13.5 per cent of GDP subjected to 58 per cent of tax load.

“The tax regime discourages corporatisation and therefore incentives should be provided to corporatise the business instead of family owned small firms to move the economy up the value chain,” he added.

<https://www.dawn.com/news/1383621/industry-group-calls-for-release-of-detailed-cpec-long-term-plan>

REFORMING CPEC

Akhtar Ali

Business Recorder, January 18th, 2018

Energy crisis appears to be tapering off, thanks to the CPEC and non-CPEC projects which had been commissioned already or are to come on line by mid-2018, if not earlier. There has been criticism of CPEC in terms of transparency, its contractual terms and economics and the issue of public participation in programme design. Others have argued that much time had been wasted by the energy crisis, and there is no longer a crisis, and there may be opportunity for discussion and re-examination of certain aspects of the CPEC programme on which there has been criticism. Since a new phase has begun, in addition to energy and a road infrastructure, the industrial and agricultural sectors are being brought in.

In this article, I will be mainly focusing on the energy sector (it being my forte) which occupies the bulk of the monetary outlays. Also I would like to clarify that this is an attempt to explore options and approaches for working out a framework for a mutually beneficial and sustainable cooperation between the two countries. We will take a case study of the two coal power plants that have already been commissioned; Sahiwal completely and Port Qasim partly. It is widely argued that the terms of the CPEC should be fairer and competitive.

On the average, the coal power plants are cited to be 40 percent more expensive both in terms of CAPEX and tariff. The Port Qasim power plant has been installed at a cost of \$2.08 billion, including a high CAPEX component for a coal jetty. The tariff of the two projects is 8.26 USc per kWh. And a unit CAPEX of \$1.45 million per MW. There is a consensus in knowledgeable circles that this is a high cost and tariff.

I would like to distinguish myself from those less informed people who have been criticizing high returns on equity of 28 percent or so, which actually is equivalent to 15-16 percent IRR – on equity which may not be regarded as too high. A technical discussion on this may be space-consuming.

Normal tariff elsewhere in the world is under or around five cents. In India, it is still lower due to low-cost local coal and less stringent environmental control requirements in its old power plants.

Even new coal power plants in India are based on more expensive imported coal have a tariff of 3 to 4 cents. A contract has been signed recently for the installation of a 2400MW coal-fired power plant with state-of-the-art environmental controls and a coal jetty with a CAPEX of \$2.47 billion. By comparison, the Port Qasim coal power plant of 1300MW with comparable situation and specifications, and lower efficiency (42 percent vs 50 percent current typical), has cost \$2.08 billion).

The tariff is around 4.86 US cents per kWh. Alstom (now part of GE) is providing the hardware and China's Harbin is to be the main constructors. Financing consortiums involve Chinese, the Middle Eastern and western banks and agencies. Even in Pakistan, the ADB's Jamshoro project, where bids have been opened, the contract has yet to be awarded, and the contract prices are much lower than the two CPEC power plants.

Why did this happen? Haste (although justified), poor regulatory mechanism and lack of competition appear to have been the main reason. Without competition, it is well nigh impossible to get the right prices. In all of the afore-mentioned cases, it is the magic of competition that has worked. It is argued that competition is not possible under government-to-government contracts, which we will discuss later.

The next best approach is for the buyer to know the prices of the product he is buying and do some hard work to find that out, or seek the assistance of third parties who may have the required experience and knowledge. This could have been done by both the regulator and the government ministries and agencies. This was not done.

What has been done is that Chinese vendors and contractors asked or negotiated a price with the minister or the ministry which the latter communicated to the regulator, Nepra, which without a meaningful scrutiny and effort issued a high tariff. Nepra held public hearings inviting the locals who hardly had any knowledge of the prices (they may have had some knowledge about coal-power plants though), but certainly had no data on prices. This became even worse than a cost-plus tariff as in the latter, the responsibility of unrealistic or unfair cost claims lies on the supplier which can be questioned at almost any stage.

In this case, Nepra assumed the responsibility by issuing a high tariff based on the unverified demand of the vendors. Obviously, it is NEPRA's decision, although allegedly manoeuvred by the vendor. Thus, one of the possible solutions is for Nepra to be mandated to seek third-party input in making such determinations. Under the new law, the government has acquired more powers and skies have not opposed the dilution of the powers of the regulators.

A moratorium on new tariff determinations, except where competitive bidding is involved, should be imposed unless Nepra does not bring its house in order so that the mentioned inadequacies are removed.

Additionally, high returns of 16 percent (20 percent on Thar) and higher interest rates risk a margin of 4.5 percent are supposedly for general non-governmental projects where there are competitive situation and not a single-bid situation.

In CPEC, there are guarantees and other risk mitigation features not available for non-CPEC projects. In such single-bid government-to-government contracts, two percent interest rates are more common than the higher commercial rates in competitive situation. Had the latter been the case, the coal power tariff of these two plants (Sahiwal and Port Qasim) would have been close to the more reasonable 5 cents rather than 8.24 cents charged currently.

The least that could have been negotiated was a longer loan repayment period of 15 to 20 years, which could have reduced the debt component of capacity charge in the initial years.

One must also describe the projects where Nepra applied its mind and conducted project scrutiny diligently, collected international data and hired experts. This is the example of HVDC Matiari Lahore project where it managed to bring down the asking tariff from more than one rupee per unit to around 76 cents per kWh. It could have been even lower but for the poor reputation of the desi system which tends to award higher prices in most cases.

Another approach is to have an agreement with the Chinese government that it would provide correct and credible data and information on costs, prices and CAPEX of similar items or projects executed in China.

The reported cost of similar projects in China is 50 percent of the cost charged by Chinese companies on Pakistani projects. A classic example is of Senhua's Anqing project (one of the best and the cleanest power plants ever built in China) which has been completed at a cost of \$478,000 per MW, as reported in an article published in PowerMag and authored by a GM of Senhua company itself. It is Senhua which had offered earlier to install a coal power plant at Thar at a tariff of around 5 cents.

An ideal solution is competitive bidding. This is only possible when the source of financing is not a tied one. Many countries such as Russia, Saudi Arabia, and the US have expressed interest in joining CPEC. The possibility of installing a multi-country fund may be investigated to enable competitive practices. Alternatively, the Chinese government and banks could be requested to allow and encourage genuine competition at least among its own companies, if not those of third countries.

I would like to make two short comments on the two other components of CPEC: road-building and industrial cooperation. It is believed that CPEC roads will shorten the distance of Chinese markets to the markets of the Middle East and Europe. If that is the case, why should Pakistan build the roads, pay their cost and carry the debt burden? What is the arrangement for such costs to be defrayed?

No agreement has been made public in this respect, except promotion of a vague hope that there will be some tolling with a hitherto undefined framework. It is either a transparency issue that the agreement has not been made public or a case of unfair negotiations and distribution of costs and benefits, and the risks attached.

In case of energy projects, we have at least some regulators, but in the case of roads we have no third party to adjudge and verify the costs. There could be at least third-party consultants.

It is to be hoped that the industrial and agricultural cooperation framework and terms are made public for seeking input and comments from a wider group of experts and knowledgeable people than those being restricted to inter-departmental cozy discussions among an ill-trained and equipped bureaucracy.

Transparency works both ways. It can benefit more often than not in favour of the forthright party. There were some positive aspects of the project which remain in the black box due to lack of openness. For example, there were doubts about installation of adequate environmental controls, which even this scribe was unaware and unsure of. It was only later that clarifications alleviated these doubts. Projects and IPPs should be encouraged to have their own websites.

There is a strong case of working out a fair and sustainable framework of cooperation involving costs, benefits, tariff, interest rates and other debt and commercial terms, which strengthen Pakistan's

economy enabling it to grow and thus be able to pay the debt liabilities that Pakistan has incurred already and will do more so in the future.

<https://fp.brecorder.com/2018/01/20180118336430/>

NEWS COVERAGE PERIOD FROM JANUARY 8TH TO JANUARY 14TH 2018

COMMITTEE REVIEWS CPEC PROGRESS

Dawn, January 13th, 2018

ISLAMABAD: Prime Minister Shahid Khaqan Abbasi said on Friday the early completion of projects under the China-Pakistan Economic Corridor (CPEC) remains the foremost priority of the government.

Chairing a meeting of the cabinet committee on the CPEC, he directed the Board of Investment and other relevant federal government departments to actively engage with provincial governments to ensure timely completion of various corridor-related projects.

The committee reviewed progress on various initiatives being carried out under the CPEC in the fields of energy and infrastructure, including the M-1 project and Karachi Circular Railway, besides the establishment of Special Economic Zones (SEZs).

The committee also reviewed preparations for the visit of a senior-level delegation to China pursuant to the 7th Joint Cooperation Committee meeting held in Islamabad on Nov 21, 2017. The secretary of the Power Division briefed the committee about various power-sector initiatives, including 300-megawatt Gwadar power project that will be set up to fulfil electricity needs of the port city and its adjacent areas.

The committee was also briefed about progress on the establishment of transmission lines to carry power from various generation sources.

The chairman of the National Highway Authority briefed the committee about progress on various infrastructure projects, including the construction of Raikot-Thakot Road and Khuzdar-Basima Road.

<https://www.dawn.com/news/1382525>

NEWS COVERAGE PERIOD FROM JANUARY 1ST TO JANUARY 7TH 2018

CPEC OPENS DOORS OF SECURED FOREIGN INVESTMENT: SHAHBAZ

Business Recorder, 2 January 2017

LAHORE: Punjab Chief Minister Shahbaz Sharif has said the China-Pakistan Economic Corridor (CPEC) project has opened the doors of secured foreign investment in the country while the foundation of a prosperous and developed Pakistan have been laid.

While talking to different delegations of Pakistan Muslim League-N (PML-N) in Saudi Arabia, Shehbaz maintained that the revolution of economic development is knocking at our doors and many more employment opportunities are being created for hundred and thousand of skilled persons in the country.

“The friendly countries are jubilant while the enemy is unnerved due to the CPEC project,” he said, adding: “Overcoming of loadshedding in the year 2017 was an important achievement of the PML-N government.”

He maintained that the era of politics of personal interests is over and now we will have to think only for public welfare and national development. “We shall continue to move further with full commitment for bringing national development and prosperity at the grassroots,” he said.

<https://epaper.brecorder.com/2018/01/02/5-page/691339-news.html>

SHOAIB HIGHLIGHTS ROLE OF PRIVATE SECTOR IN CPEC PROJECTS

Business Recorder, 6 January 2018

ISLAMABAD: The Secretary Planning, Development and Reform (PD&R), Shoaib Ahmad Siddiqui has said that CPEC is moving to next stage of development by entering into industrialization phase where Pakistan’s private sector has to play a leading and proactive role.

He expressed these views while addressing a consultative meeting of Islamabad and Rawalpindi Chambers of Commerce and Industry on Friday at Ministry of Planning.

The meeting was attended by the Secretary Board of Investment (BoI), Sumaira Nazir Siddiqui, President Islamabad Chamber Shiekh Amir Waheed, President Rawalpindi Chamber Zahid Latif Khan, members of both the chambers and officials from CPEC Secretariat and BoI.

Shoaib Ahmad Siddiqui said that under the win-win cooperation framework between China and Pakistan in the shape of CPEC, both the countries demonstrated tremendous resolve to make dream a reality.

He said that the trade and industry development, for Pakistan, is the main gain from CPEC as a driving force for economic growth and to take the fruits of CPEC to the lesser developed regions of Pakistan. “This process is inclusive, not exclusive and it will help create efficient and competitive industrial clusters to attract investment and to diversify exports”, he remarked.

He said that industrial cooperation phase under CPEC is at advance stage where officials and experts of both the sides are engaged to level ground for investment and develop SEZs in line with the modern trends. He pointed out that government has ensured to kept local business community onboard and it is evident of the fact that elected leadership of the community has been made part of every consultation process; either internal preparation or on the level of Joint Working Group and Joint Cooperation Committee of CPEC.

“This shows the government resolve and openness to make this endeavour, a successful one, enabling local investors to accrue maximum benefits of this cooperation”. He ensured that the process of consultation will continue and local industry would be safeguarded.

He said that Government of Pakistan has already announced a comprehensive and a business friendly incentive package aimed at up-scaling investments and grows the industry.

Presidents of both the chambers have expressed their full optimism regarding CPEC, declaring the project as a game changer and future of the new generation. They also appreciated the government policy of openness where business community has been provided full chance of representation in consultation process for CPEC.

It was highlighted that local investors are ready to grasp the opportunities being created by this multi-billion project. The business community also forwarded a number of proposals for boosting the industrial cooperation under CPEC.—PR

<https://epaper.brecorder.com/2018/01/06/3-page/692202-news.html>

February 2018

NEWS COVERAGE PERIOD FROM FEBRUARY 26TH TO MARCH 4TH 2018

CPEC WILL BENEFIT ALL PROVINCES: MUSHAHID

The Express Tribune, 26 February 2018

Parliamentary Committee on China-Pakistan Economic Corridor (CPEC) Chairman Mushahid Hussain Syed has said that CPEC is a future project of Pakistan and it will provide equal benefits to all provinces.

Talking to PTV, he said CPEC would bring economic revolution in the country.

He said international airport, hospitals, university and vocational training colleges had constructed in Gwadar.

Completion of many power projects launched by the incumbent government under CPEC would help in overcoming energy crisis, he said, adding that mining of Thar Coal was underway which would further strengthen the national economy.

He said industrial zones would be established across the country as this project was focusing on construction of Gwadar Port, industrial zones, western route and overcoming energy crisis.

Syed said, “We are achieving immediate results from CPEC as immense unemployed youth are being employed due to the project. Women are driving bulldozers to contribute their services for the development of the country.”

He said, “China is an all-weather friend of Pakistan and CPEC will create understanding and people to people contact between the two countries.

Commenting on parliamentary committee for CPEC, he said members of the committee had visited many places to resolve reservations of the masses. The chief ministers of four provinces had attended the meetings on CPEC and national consensus was already evolved in this regard, he added.

<https://tribune.com.pk/story/1632453/2-cpec-set-transform-pakistans-economy/>

CPEC IS A PROJECT FOR SHARED DESTINATION OF REGIONAL DEVELOPMENT: MARRIYUM

The Express Tribune, 26 February 2018

Minister of State for Information, Broadcasting, National History and Literary Heritage Marriyum Aurangzeb has said that the China-Pakistan Economic Corridor (CPEC) is a project for shared destination of regional development and prosperity, which is supported by people of both the countries.

“Relations between Pakistan and China are rooted in mutual respect and love and the friendship between the two countries has become an indelible and important part of Pakistan’s history,” she said while addressing the opening ceremony of the CPEC Cultural Caravan Festival at PNCA on Sunday.

She said that the CPEC was also a corridor of cultural harmony between China and Pakistan and people-to-people contacts.

The minister said that for the successful implementation of the development project it was also imperative to know and understand each other’s culture.

She said that Pakistan had signed cultural accords with China, which would enhance cooperation between the two countries in the domain of films, theatre, press, publications and related fields besides promotion of cultures.

She said that during the democratic regimes, culture was duly promoted. The artists, she added, had a sterling role in projecting Pakistan’s identity as a moderate and peaceful country. The artists and democracy had deep links with each other, she said, adding that during the democratic era the creative abilities of the artists and journalists gained strength.

Aurangzeb said that the CPEC Cultural Caravan would help in presenting Pakistan as a peaceful and emerging country before the comity of nations.

The minister congratulated the artists for their brilliant performance, the PNCA management for making it a success and those, who wrote research papers on cultures of both the countries. She said that those endeavours would further reinforce the bonds of friendship between the two countries. She said that the government-to-government contacts were always there but the cultural initiatives would lead to effective contacts between the people of the two countries.

She said that like their ancestors they were also determined to take that friendship to new heights. She said that the friendship and bonds between the two peoples were decades old and they had remained on the upward curve throughout.

She said that the CPEC was a key ingredient of the OBOR vision. Former prime minister Nawaz Sharif associated himself with that vision and launched the CPEC for the progress and prosperity of the posterity in 2013. Those, who translated that vision into reality, deserved unqualified accolades, she added.

The minister acknowledged that the former and present ambassadors of China in Pakistan had also played a significant role in that regard. She expressed the hope that the CPEC would be successfully completed within its stipulated time and it would usher in an era of prosperity not only for China and Pakistan but also for the entire region.

She said that the journey of the CPEC Cultural Caravan from China to Gwadar had been properly documented and the CPEC would also help in cultural exchanges between the two countries.

The minister said that the success of development plans was linked to the participation of the people. She said that Pakistan was grateful to Chinese government and President Xi Jin Ping, who personally came to Pakistan to inaugurate the CPEC.

The minister informed the audience that Pakistan would participate in the film festival in Beijing and Shanghai for the first time and Pakistani movies would be screened in Chinese cinemas.

She said that culture was screen tourism that helped in creating awareness and understanding of language, history and culture of the concerned countries. She observed that the Chinese cuisine was very popular in Pakistan.

She said that the cultural caravan commenced from China in November last and travelled up to Gwadar through the CPEC route and also made a documentary on history, culture and national heritage of the two countries, which was exhibited today. She said that the governments of both the countries and those, who managed that event, deserved congratulations. She said that the paintings made by the artists presented glimpses of progressing and peaceful Pakistan.

The minister observed that the artist community had a pivotal role in ending the culture of intolerance from the society. She revealed that Prime Minister Shahid Khaqan Abbasi would announce cultural and film policy on Monday (today), which would strengthen the film and broadcasting industry. She said that the government had an unswerving commitment to revive and promote the film industry.

She said that apart from cultural agreements an accord was also signed between Chinese Scholarship Council and Higher Education Commission of Pakistan for exchange of scholarships.

The Chinese and Pakistani artists also enthralled the audience during the inaugural ceremony of the Cultural Caravan. The minister also visited the stalls set up in regards to the Cultural Caravan.

<https://tribune.com.pk/story/1644793/1-cpec-project-shared-destination-regional-development-marriyum/>

CHINESE PRISONERS WORKING ON CPEC PROJECTS: MNA

Dawn, February 27, 2018

ISLAMABAD: Rumours that Chinese prisoners are working on development projects in Pakistan came up at a meeting of a parliamentary committee on Monday.

Member National Assembly (MNA) Nawab Mohammad Yousuf Talpur of the PPP asked about steps taken to provide security to the Chinese nationals and to Pakistanis by China.

He said a large number of Chinese prisoners were working on development projects of the China Pakistan Economic Corridor (CPEC).

“I have learnt that prisoners have been brought from Chinese jails and they are constructing roads. They can be involved in crimes so there should be proper security arrangements,” he said.

However, the Ministry of Interior showed ignorance about the presence of Chinese prisoners in Pakistan.

Special Secretary Interior Rizwan Malik told the meeting that Chinese workers were being given a three-layer security.

“There is a separate security for Chinese nationals who have been working on CPEC projects. Separate arrangements have been made for those who have come for electricity projects.” Mr Malik said arrangements had also been made to provide security to Chinese students and business people.

MNA Talpur later told Dawn that he had got information that a large number of Chinese prisoners were working on different development projects across the country.

“I contacted a concerned official who confirmed that prisoners had been working in Pakistan. My doubt was strengthened by an ambiguous response from the Ministry of Interior which rather than rejecting my claim just said it was not in the knowledge of the ministry,” he said.

The MNA said prisoners were engaged in development work across the globe, including Pakistan, but it was strange that prisoners had been brought from China to Pakistan.

“I assume that a secret or unannounced agreement has been made between the two countries because prisoners cannot be sent from one country to another without taking the host nation into confidence. Chinese construction companies are using prisoners as labourers,” he said.

In reply to a question, Mr Talpur said a number of Chinese nationals had been arrested in ATM fraud cases, especially in Karachi.

“Pakistanis are not capable of carrying out such crimes. I assume that Chinese prisoners are involved in ATM thefts and other computerised crimes,” he said.

The committee suggested providing Rs500 million to the cyber crime wing of the Federal Investigation Agency (FIA).

During the meeting of the committee chaired by Rana Shamim Ahmad Khan, Director FIA Mohammad Shoaib said the cyber crime wing received 13,000 complaints in a year.

“We have only 15 investigating officers due to which it has become very difficult to probe all the complaints.”

He said the FIA wanted to appoint 444 officials in the cyber crime wing to handle the pending cases.

The committee directed the government to ensure the release of Rs500 million to the agency to hire the needed staff.

<https://www.dawn.com/news/1392023>

NA PANEL APPROVES CPEC-RELATED PROJECTS

Business Recorder, 28 February 2018

ISLAMABAD: The National Assembly Standing Committee on Planning, Development and Reform has approved certain projects that include Centre of Excellence for China-Pakistan Economic Corridor (CPEC) and National Endowment Scholarship for Talent.

The committee met with Abdul Majeed Khan Khanankhail in the chair here at Pakistan Institute of Development Economic (PIDE), Quaid-e-Azam University on Tuesday. The committee discussed the projects relating to CPEC, hydropower projects, schemes of Public Sector Development Program (PSDP) and others.

After having detailed deliberation the committee approved the projects including Centre of Excellence for CPEC, Pakistan Institute of Development Economics (PIDE), Islamabad, and National Endowment scholarship for Talent.

The committee unanimously confirmed the minutes of its 63rd meeting held on 7th February 2018. The committee examined the PSDP proposals for financial year 2018-19 in detail.

The committee constituted a sub-committee under the convener-ship of MNA Sher Akber Khan with MNAs Iftikhar-ud-Din and Junaid Akbar as its members. The ToRs of the sub-committee will be to look into (i) Distribution and System Augmentation Program STG, DOP, ELR (PESCO) in district Buner under PSDP Program and (ii) status of PC-1 of electrification work at different valleys of Chitral including establishment of 132 kV grid station to 132 kV in Chitral, Chitral hydel power capacity enhancement and status of PESCO, PEDO and Wapda agreement and steps taken for provision of electricity to upper Chitral by 25th December, 2017.

The committee directed the quarters concerned to expedite the construction work of 132kV grid station Kallur Kot, district Bhakkar, and MDGs/SDGs program in NA-73.

The committee recommended that the secretary Federal Education and Professional Training, Islamabad, may submit a comprehensive report along with monitoring mechanism of Basic Education Community Schools.

MNAs Sardar Muhammad Irfan Dogar, Dr Asma Mamdot, Shazia Sohail Mir, Shamas-un-Nisa, Junaid Akbar, Sher Akber Khan, Syed Muhammad Athar Hussain Shah Gillani, Asyia Nasir and Iftikhar-ud-Din attended the meeting. The senior officers from the Ministry of Planning, Development and Reform were also present in the meeting.

<https://epaper.brecorder.com/2018/02/28/3-page/702280-news.html>

CPEC'S TRANSPARENCY: NHA ADMITS IRREGULARITIES IN AWARD OF \$2.9B CONTRACT TO CHINESE FIRM

The Express Tribune, February 28th, 2018.

The National Highway Authority (NHA) chairman confessed on Tuesday that there were irregularities in the award of a \$2.9-billion contract to a Chinese firm for construction of a motorway under the China-Pakistan Economic Corridor (CPEC).

The admission raises transparency concerns in the multi-billion dollar deals.

NHA Chairman Jawwad Rafique Malik admitted that concessions worth roughly \$200 million given to the China State Construction Engineering Company (CSCEC) were not part of the original bidding documents Pakistan had floated for the construction of the 392-kilometre long Multan-Sukkur section.

The chairman also confessed that the Rs294.4-billion or \$2.9-billion contract had been awarded to the Chinese company on an “alternate bid”, which the company had submitted after quoting its original bid.

The chairman made these admissions before the Senate Standing Committee on Finance and Revenue that met on Tuesday under the chairmanship of PPP Senator Saleem Mandviwalla. These admissions carry huge implications for the multi-billion dollar CPEC projects and may land the government in trouble.

These confessions also revealed that controlled competition among three Chinese companies was not at all fair play, as the NHA engaged with the so-called lowest bidder in violation of the Public Procurement Regulatory Authority Rules of 2004.

Several senators have moved a calling-attention notice in the Senate, asking for rationale behind the huge tax exemptions. The Senate standing committee would give a report to the upper house of parliament on its findings.

The Executive Committee of the National Economic Council (EcneC) had approved the Multan-Sukkur project at a cost of Rs259 billion but the lowest bid CSCEC gave amounted to Rs406 billion, said Malik. He further told the committee that CSCEC also submitted an “alternate bid” valued at Rs339 billion.

Upon this, Senator Nauman Wazir Khattak of the PTI questioned whether the PPRA Rules of 2004 allowed submission of alternate bids.

The chairman claimed that the rules allowed it but he could not cite the relevant PPRA Rule in his defence.

The NHA chairman further said that after negotiations the bidder agreed to lower the alternate bid price to Rs294 billion after the government assured that it would not charge taxes to the tune of Rs19.1 billion or roughly \$200 million.

The senators inquired whether tax exemptions were part of the original bid documents and whether the other two Chinese bidders were aware of these exemptions. “Neither the other two bidders nor the lowest bidder knew about these tax exemptions,” confessed Malik.

But the NHA chief insisted that there was no loss to the state, as the government lowered the bid price to the extent of tax exemptions.

The admissions suggest that the deal was not awarded in a fair manner, said Senator Mohsin Aziz of the PTI.

Senator Nauman Wazir claimed that the NHA had initially received a Rs240-billion bid against the total project price of Rs259 billion. It later on asked the bidder to increase the price, which put the amount at Rs406 billion, said the senator. He added that both the bidder and the NHA then changed the project specifications to quote the Rs294 billion price.

But the NHA chief denied that the project scope was changed. Work on the project is expected to be completed in August 2019.

On the issue of tax exemption, Malik claimed that the policy allowed giving tax exemptions on imports. However, when the relevant policy and the rules were read it was disclosed that the exemption was only for temporary machinery imports while the government has given all types of exemptions to the company.

Although the chairman admitted giving exemptions worth Rs19.1 billion, the quantum of tax relief appeared higher. In its written response, the Federal Board of Revenue (FBR) informed the committee that in fact, three separate SROs have been issued. The tax authorities issued SRO 44, SRO 79 for income tax exemption, and SRO 51 for exemptions on construction materials and goods imported by the company for the project.

The company has been exempted from paying federal excise duty, sales tax and withholding tax on imported construction materials and goods used in the construction of CPEC’s Sukkur-Multan section.

The FBR said that it has the powers to give exemptions after the ECC decision with the approval of the Minister-in-Charge. However, the Sindh High Court (SHC) has already struck down these powers, terming them illegal and unconstitutional.

<https://tribune.com.pk/story/1646567/2-cpecs-transparency-nha-admits-irregularities-award-2-9b-contract-chinese-firm/>

FIRST PHASE OF RAILWAYS UPGRADE UNDER CPEC TO BEGIN NEXT MONTH

Dawn, March 02, 2018

Aamir Yasin

RAWALPINDI: The first phase of the \$3.2 billion project to upgrade Pakistan Railways under the China Pakistan Economic Corridor (CPEC) will begin next month, and will cut the duration of the Rawalpindi-Lahore journey by two hours.

A senior Railways official told Dawn that the total share for Pakistan Railways under CPEC is \$8.2bn. The government has decided to begin the first phase, worth \$3.2bn, to upgrade four sections of the rail track.

“These sections are Rawalpindi to Lahore, Kaluwal to Pindora, Lahore to Multan and Rohari to Nawab Shah. The sharp curves [on the 52 kilometre] Kaluwal to Pindora [track] will be improved to make it straight,” the official said.

Upgrade to cut duration of Rawalpindi-to-Lahore train journey by two hours

He added that the duration of the journey from Rawalpindi to Lahore will be reduced from hour hours and 30 minutes to two hours and 30 minutes, after the removal of sharp curves.

He said the up-gradation of the track will increase the train’s speed from 90km per hour to 120km per hour.

The official said a dual track will be laid on these sections, and the signalling system will be improved as well.

He said the replacement of the outdated signalling system is already in progress from Lahore to Lalamusa, and the system from Lalamusa to Peshawar will be improved in the first phase of CPEC.

“The work will be completed within a year, and it will not disturb the existing track. Passenger and freight services on these sections will continue as per routine. The programme has been finalised under the project in this regard,” the official said.

He said Ministry of Railways and Pakistan Railways have completed feasibility studies and readied plans to launch the project. “Financial issues will be resolved in a few days and work will be started next month,” he said.

Another Railways official said that upgrading the rail track will also improve freight services in the region.

He said Railways had begun negotiations with the Rawalpindi and Islamabad chambers of commerce and industry to move goods between Rawalpindi and Islamabad through Railways.

The freight service between the twin cities will be launched in a week or two, he said, and would allow traders to send their goods on freight trains from Margalla Railway Station to the Rawalpindi and Chaklala railway stations.

When contacted, Divisional Commercial Officer Raza Ali Habib confirmed that the upgrading of the tracks from Rawalpindi to Lahore would increase train speeds and reduce the duration of the journey by two hours.

He added that Railways had begun work to improve freight services and would soon launch new services from traders and industrialists from the twin cities in this regard.

“We already replaced the kerosene oil lamps for the signalling system in the section and the overall work to improve the signalling system will be done under CPEC,” he said, adding that a new signalling system has been installed along the Kohat-Rawalpindi section, which launched a month ago.

<https://www.dawn.com/news/1392546/first-phase-of-railways-upgrade-under-cpec-to-begin-next-month>

DEMAND-DRIVEN SKILLS TRAINING TO HELP PAKISTAN REAP FRUITS OF CPEC
The Express Tribune, March 2nd, 2018.

Demand-driven skills training with cooperation between public and private sectors is the key to equipping Pakistan’s youth with critical skills that will provide them with jobs and allow the country to extensively reap fruits of CPEC projects.

“Effective training of the youth is pivotal if Pakistan wants to reap maximum benefits of China-Pakistan Economic Corridor (CPEC)-related projects,” said Roomi S Hayat, CEO of the Institute of Rural Management (IRM), in an interview with The Express Tribune.

IRM is called Pakistan’s largest training institute that is making efforts to build capacity of rural communities, especially the youth and women. On average, more than 20,000 people from across Pakistan are trained every year at the institute’s Vocational Training and Educational Centres in 500 modern trades. So far, the institute has trained more than 1.1 million people.

“Despite our efforts to have close liaison with the government for collaborative training programmes, there is less enthusiasm and willingness on the part of the government to realise their importance in relation to the opportunities arising from CPEC projects,” Hayat said.

“This is high time for us that we reflect on our preparations for CPEC. I see a huge gap in our readiness to benefit from CPEC or other mega development initiatives,” Hayat remarked.

Ironically, most of the training programmes at government and private levels were taken for granted which compromised utility of the initiatives, he said, adding the IRM had designed a standardised training curriculum.

He pointed out that according to evaluation reports of the Institute of Business Administration (IBA) and US Agency for International Development (USAID), about 74 to 80% trained people from the IRM were utilising their skills through small-scale businesses or employment in both private and public sectors.

“Though apparently Pakistan’s economy is growing steadily, at micro level, especially in the context of rural communities, no substantial measures are being taken to bring them on board by providing essentially required skills, especially for the youth and women,” Hayat said. Since rural communities largely depend on farming, most of the IRM’s training programmes are designed while keeping this trend in view.

Given the impact of climate change, Hayat underlined the need for diversifying such training programmes so that rural communities would be sensitised about the bigger challenge.

He suggested that governments at both provincial and federal levels should launch massive awareness programmes for the rural communities to help them cope with the devastating scenario emerging in the wake of rapid climate change across the globe.

<https://tribune.com.pk/story/1648518/2-demand-driven-skills-training-help-pakistan-reap-fruits-cpec/>

NEWS COVERAGE PERIOD FROM FEBRUARY 19TH TO FEBRUARY 25TH 2018
CROPLIFE SEMINAR: AGRI SECTOR NOT BEING ACCORDED PRIORITY IN CPEC
PROJECTS: DR ZAFAR
Business Recorder, 22 February 2018

Fazal Sher

MURREE: Chairman Pakistan Agricultural Research Council (PARC) Dr Yousaf Zafar on Wednesday said that despite much hype, proper importance is not being given to agriculture sector in China-Pakistan Economic Corridor (CPEC).

Zafar expressed these views while addressing media persons at a workshop titled “Future of Agriculture in Pakistan” organized by the CropLife Pakistan.

He said the CEPC was silent with respect to agriculture sector of Pakistan. However, the National Agricultural Research Centre (NARC) had given some proposals regarding setting up of agriculture zones in the CPEC which was under consideration, he added.

He said Pakistan enjoyed great potential regarding agriculture, adding that at the time of independence, Pakistan was mainly an agriculture country. The total share of agriculture share in GDP in 1950-55 was 51 percent but in 2015-16 it was decline to 19.8 percent due to lack of interest of successive governments, he said, adding Pakistan’s agriculture sector was running through begging money since 1950 till date.

The PARC chairman said that share of agriculture in total exports was 57 percent. Out of 19.8 percent of GDP, 58 percent was livestock, 40 percent crop sector and one each of forest and fishery sector, he said.

He also said that Pakistan had surplus stock of wheat, rice, sugar, maize and potato, as the country had produced 25 million tons wheat, 6.85 million ton rice, sugar 5.6 million, maize 6.13 million ton and potato 3.8 million during 2016-17.

Zafar further said that modern technology had a pivotal role in the future of agriculture sector in Pakistan. However, a lack of awareness and proper understanding of new technological advancements in this field continues to impede adoption, he said, adding therefore, the role of both print and electronic was very important in terms of carrying a pro-technology message to the farmers, policy makers and the broader citizenry.

Director General (DG) Department of Plant Protection (DPP), Dr Waseem-ul-Hassan said that China and US were not ready to import Pakistan’s agriculture produce just to protect their own farmers.

“Due to ban on tomato import since last year, Pakistan has saved Rs12 billion which has benefited growers to a large extent,” he said. Hassan said Pakistan had also imposed ban on onion import and now “we have become onion exporting country,” he added.

He also claimed that during the last four months, Pakistan had not imported fresh fruit and vegetables and expressed the hope that it would continue in future.

DG DDP further said that DDP had taken various measures for capacity building of the country exporters and importers including devising action plan for mango export, surveillance programme for development of pest free areas for potato, citrus, mango and rice.

He said those measures also included the registration of 248 mango orchards in Sindh and Punjab for export and 34 phytosanitary hot water treatment plant (HWT) plant and 50 packing houses for export of mango. Three Vapor Heat Treatment (VHT) plants have been established of which one each in Karachi, Sahiwal and Multan.

Executive Director CropLife Pakistan Dr Muhammad Afzal said that growing population, climate change, scarcity of water and changing lifestyles continued to pose challenges to the country’s food security. “To address these challenges, we need to promote sustainable means to grow food and embrace technological innovations that enable the same,” he said.

The workshop covered a wide array of technological developments, including those in crop biotechnology, robotics in precision agriculture and information and communication technology (ICT) integrated solutions for farmers.

The CropLife Pakistan is a part of a global federation of associations operating in 191 countries representing the plant science industry and advocates international developments with regards to crop protection, seeds and agricultural biotechnology. Its primary aim is to promote and advocate approaches that enhance sustainable agriculture in the interests of farmers, governments, consumers and the environment.

<https://epaper.brecorder.com/2018/02/22/3-page/701187-news.html>

RS1.2BN PROPOSED IN BUDGET: FBR TO ESTABLISH CUSTOMS CHECKPOSTS ALONG CPEC ROUTES

Business Recorder, 22 February 2018

Zaheer Abbasi

ISLAMABAD: The Federal Board of Revenue (FBR) will establish custom checkpoints at the entire China-Pakistan Economic Corridor (CPEC) routes for which a project worth Rs 1.2 billion has been proposed in budget for the next fiscal year.

This was disclosed by the officials of the FBR while briefing Senate standing committee on finance chaired by Senator Saleem Mandiviwala here on Wednesday. We are proposing a project in the public sector development programme (PSDP) for the next fiscal year to set up check posts at the entire CPEC route, stated FBR officials.

Later, talking to Business Recorder, an official of the FBR stated that Rs 1.2 billion have been requested in the PSDP for the next fiscal year to purchase land for 32 checkposts at the CPEC route for checking of containers at different points to ensure that NATO like scandal does not take place.

While briefing to the committee about the proposed PSDP for the next fiscal year, member Admin FBR Tasneem Rehman said, “We are seeking Rs 10 billion for the next fiscal year for development of integrated transit trade management system with foreign exchange component (FEC) under Asian Development Bank’s (ADB) regional improving border service project”.

She added that the bidding for check posts at Chaman and Torkhum borders has been completed while bidding for Wagha border is in the process. We are seeking Rs 11.488 billion in the PSDP for the next fiscal year for five ongoing projects – Rs 10 billion foreign exchange component (FEC) and Rs 1.844 billion local financing, FBR official further stated. The FBR has also requested allocation of Rs 959 million in the PSDP for the next fiscal year for approved 25 new projects and Rs 3.315 billion for the 19 new projects which are yet to be approved.

Members of the committee were unhappy over slow releases of funds for the PSDP projects and remarked: “The government should prioritize the projects as approving projects more than available resources had accumulated trillion of rupees through forward of PSDP projects”.

Senator Murtaza Wahab said, “If you approve 50 projects instead of 100 projects, volume of available resources will be higher and the projects will be completed timely”. He also criticized that the government has been approving so many projects knowing that it does not have resources to finance them. Many projects were not provided fund after initial allocation of 10 percent. As a result, initial utilized amount 10 percent is wasted because funds were not provided afterwards”, he added while suggesting that the government needs to prioritize the PSDP projects before their approval.

<https://epaper.brecorder.com/2018/02/22/22-page/701352-news.html>

‘ALL PROVINCES TO EQUALLY BENEFIT FROM CPEC-RELATED PROJECTS’

Business Recorder, 24 February 2018

Muhammad Saleem

LAHORE: Punjab Chief Minister Shahbaz Sharif in a meeting with the Federal Interior Minister Ahsan Iqbal, here Friday, said the people of all the provinces including Gilgit-Baltistan and Azad Kashmir will equally benefit from the CPEC related projects.

During the meeting, different matters of mutual interest including steps taken for eradication of terrorism, overall situation in the country and ongoing political issues came under discussion. Sources said that matters concerning CPEC projects also came under discussion and it was resolved that no conspiracy will ever be allowed to be succeeded against the CPEC.

Both the leaders expressed their satisfaction over the positive steps taken for bringing improvement in general situation of law & order in the province.

Shahbaz said on the occasion that the CPEC has opened the doors of foreign investment to Pakistan and it will also play an important role for the elimination of terrorism and fanaticism in the region along with helping to overcome the poverty. He expressed the commitment that CPEC Project will

alter the course of history and vowed that no conspiracy will ever be allowed to be succeeded against it. He said, "It is the best time to maintain solidarity because the country will move forward with the power of unity. The terrorism, fanaticism and sectarianism are not the fate of the people and in a Pakistan of Quaid-e-Azam Muhammad Ali Jinnah, there is no room for such societal menaces."

He maintained that Pakistani nation has rendered tremendous sacrifices in war against terrorism and the commitment and passion of the nation is much bigger than the challenge of terrorism. It is satisfying that the well-coordinated implementation on national action plan has broken the proverbial backbone of the terrorists, he said.

Shahbaz said that Pakistan will be made a heaven of peace by decisively defeating the menace of terrorism and every person will have to play its role to maintain law & order in the country.

Moreover, talking to members of the assembly belonging to different districts, Shahbaz said that present tenure of PML-N government is filled with records of institutional transparency, public service and honesty. This promotion of transparency by the incumbent government has also been acknowledged at the global level, he said, adding: "The PML-N government has taken effective measures for the eradication of corruption and this has been commended by international organizations as well."

According to him, the Punjab government has set a new record by making a unique saving of Rs. 682 billion in different projects and no such example is available in the 70 years history of the country. The PML-N government is most transparent in the national history and it has always done the politics of public service. Shahbaz said that a particular party tried to impede the journey of development through sit-in, lockdown and agitation. This party has done nothing for public welfare in its province and due to it; the leaders of this party cannot face the people in their province.

He said the people are fed up with the elements involved in the politics of anarchy and chaos and those who are obstructing the process of national development. In fact, the politics of allegations and falsehood has died down before records of public service, honesty and transparency. Due to the politics of honesty and organizational transparency, the PML-N government is most popular in the masses, he said.

Those who called on the Chief Minister included MNAs Nadeem Abbas Rabera and Raja Muhammad Javed Akhlaq and MPA Sardar Muhammad Jamal Leghari.

<https://epaper.brecorder.com/2018/02/24/8-page/701620-news.html>

BEYOND THE MEGA PROJECT: PAKISTAN NEEDS REFORMS TO CONSOLIDATE CPEC GAINS

The Express Tribune, February 24th, 2018.

Thanks to the early harvest energy projects under the China-Pakistan Economic Corridor (CPEC), Pakistan is producing enough electricity, but the country now needs to have economic reforms to consolidate the impetus given by CPEC, said Sustainable Development Policy Institute (SDPI) Joint Executive Director Dr Vaqar Ahmed.

“Now that we have enough electricity under CPEC... what is next?” Ahmed questioned while speaking at a seminar on ‘Beyond CPEC: An Agenda for Competitiveness & Structural Reforms in Pakistan’ which was organised at the Karachi School of Business & Leadership (KSBL) on Friday.

Citing the massive infrastructural support that the United States gave to Pakistan in the early 1950s and 1960s, he said in its absence, long-term economic planning is always an important part of any major one-time support push for projects such as CPEC.

Speaking on his book, ‘Pakistan’s Agenda for Economic Reforms’, which was published in 2017, he said there is a lack of urgency to create enough pressure for economic reforms, adding that the businesses also need to come out of their comfort zones to bring change.

Highlighting the difficulties of those bureaucrats in Islamabad who are trying to bring positive changes in the system, he quoted a top government official who has to spend three out of five working days in a week in courts to face different inquiries (often pushed forward by fellow bureaucrats to law enforcement agencies) only to justify his right intentions.

The Board of Investment (BoI) claims that it is providing one-window operations facility to foreign investors, but the reality is that investors are forced to wait for about two months just for Pakistani visas, he added.

<https://tribune.com.pk/story/1643211/2-beyond-mega-project-pakistan-needs-reforms-consolidate-cpec-gains-business/>

NEWS COVERAGE PERIOD FROM FEBRUARY 12TH TO FEBRUARY 18TH 2018

CPEC IS SET TO TRANSFORM PAKISTAN’S ECONOMY

The Express Tribune, February 12th, 2018.

The China-Pakistan Economic Corridor (CPEC) is a hot topic these days. The government wants to sell it as its major achievement, while the opposition claims its contribution in negotiating during its tenure.

A quick review of the documents shows that the CPEC seeds had been sown long ago. Beijing Declaration 2003 gives the first footprint of the concept. Pakistan’s former ambassador to China late Akram Zaki once told me that the land corridor had been on the cards since the times of air corridor in the 1960s, and Silk Road was the first step toward it.

CPEC is a bigger initiative in nature and it will transform the economy of Pakistan and the same has been promised in Vision 2025. Therefore, it is necessary to dwell on linkages between Vision 2025 and CPEC. Comparative analysis shows the two have so many complementarities.

CPEC investments are related to infrastructure, energy, railways, optic fibre, agriculture, tourism as well as research and development. Energy and transport sectors are on the priority list along with Gwadar city and port. Vision 2025 identifies that every year Pakistan loses 4-6% of its GDP due to the energy crisis. This loss to GDP means decline in production base, exports, saving and investment, inflation and availability of employment.

Owing to the energy crisis, industries started relocating outside the country, which further contributed to non-availability of jobs and decline of exports. The declining exports are another area, which is now haunting the country. Trade deficit is increasing and negative impact on foreign reserves and balance of payment is evident. Vision 2025 outlined a plan and strategy for investment in different forms of energy like coal, hydro and renewable. Coal was cogitated as one of the most immediate source.

Despite the investments in coal sector, its share in the electricity mix would be minimum and benefits enormous. It will help overcome the chronic problem of load-shedding. Cheap and sustainable supply of electricity will enhance the competitiveness of the industry and boost exports and provision of jobs, especially for the youth. Apart from coal, a huge investment has made in renewable power sources like solar, wind and hydro, and Quaid-e-Azam Solar Park is already operational.

Vision 2025 also identifies infrastructure related to transport as one of the major impediment for rapid growth. Almost 7% of GDP is lost due to inefficient transport sector. Investment in infrastructure will enhance efficiency and regional connectivity. Regional connectivity will pave the way for trade and peace.

Railways share in transportation will also be increased from 4% to 20%. Through CPEC, investment is being made to upgrade roads, construction of new highways, motorways and creating linkages among existing roads.

Special Economic Zones (SEZs) under CPEC would be a way to achieve goals of Vision 2025. First and foremost would be the enhancement and sustainability of the production base of country. It will create jobs, as Pakistan needs 1.5 million jobs every year to accommodate and benefit from the youth bulge.

Another important area is water, food and energy security in the country and along with that are two most serious problems. SDPI in 2013 concluded that almost 58.8% population is food insecure. Analysis further exhibited that the situation in 2025 will be more complicated due to population increase and climate change. Water availability is another area of grave concern. Per capita availability has come down to 1,000 cm². Climate change is impacting water sector in Pakistan and the country is already facing water disasters like floods and drought. According to IPCC and UNDP report on vulnerability, the situation will be further complicated in the near future.

This grave situation requires urgent and sustainable investment in water and agriculture sector. Fortunately, Vision 2025 and CPEC also prioritise these areas. Vision 2025 outlined the goals of doubling power generation and enhancing access from 67% to 90%. Water storage will be increased to up to 90 days from 30 days. Food insecure population will be down to 30%.

To improve food security, agriculture is an acceptable sector to play a leading role with its multiple roles, eg production of food, employment to 44% labour force, which contributes to 21% of GDP. Long Term Plan (LTP) of CPEC gives a comprehensive list of programmes for investment. It includes farming, livestock breeding, forestry and food growing, and aquatic and fishery. Research and technological cooperation would be augmented. Production of inputs would also encourage and given technological assistance. Agriculture is also targeted as a key area to combat poverty by transferring sector into climate change resilient and globally competitive sector.

Water was the part of CPEC in different forms like drinking, sanitation, agriculture and industry. Now both China and Pakistan have decided to amplify cooperation. Dam building has also been included in the list of CPEC. Different sources quote a figure of \$50 billion for building a cascade of dams along the Indus river. Infrastructure related to water will also be made resilient to climate change. There would also be investment in irrigation sector, especially in drip irrigation.

Apart from the areas mentioned above, Vision 2025 also spells out the goals about tourism development. It is a well-established fact that Pakistan is bestowed with beautiful landscape and geography. Vision 2025 identified religious, historical and naturally attractive sites as potential for developing tourism. LTP outlined the development of eco-tourism in coastal and mountainous areas of Pakistan.

China will help improve knowledge base for Pakistan. It will build the capacity of universities and students to compete at international level. Exchange programmes have already been started and now thousands of Pakistani students are not only frequent visitors of Chinese universities, but are also studying there.

A comparative study of Vision 2025 and LTP of CPEC shows that both are complimentary to each other with a number of goals and objectives. The only thing is how Pakistan opts for the Chinese model of success by using its indigenous tools of development and research.

The writer is the Head of Centre for Future Policy and Head of Research Coordination Unit, Sustainable Development Policy Institute

<https://tribune.com.pk/story/1632453/2-cpec-set-transform-pakistans-economy/>

CPEC WESTERN ROUTE TO BE COMPLETED BY END OF THIS YEAR

The Express Tribune: February 12, 2018

Sehrish Wasif

The western route of the China-Pakistan Economic Corridor (CPEC) is going to be completed by the end of this year along with other 11 mega projects which were initiated in 2015-16.

The completion of those projects will reduce travelling time and boost economic activities.

“Hakla-DI Khan having the length 285km with a cost of Rs122 billion and 81km Zhob-Mughalkot costing Rs8.8billion funded by the Asian Development Bank (ADB) will be completed by December 2018,” a senior National Highway Authority (NHA) official told The Express Tribune.

“The completion of these two projects will connect the port city of Gwadar with Quetta by Khuzdar,” he said and added, “With it the western route will become completely functional.”

According to the NHA the under-construction projects – the Hakla to Dera Ismail Khan motorway — is an important part of the western route of CPEC, and will reduce the travel time from Islamabad to DI Khan from five hours to just two-and-a-half hours.

It will greatly help the movement to the country’s southern cities such as Quetta and Gwadar.

Meanwhile, another important project — Khuzdar- Ratodero (151 km) that has been completed at a cost of Rs8.8 billion is all set to be inaugurated this year in April.

This project though is not part of CPEC.

“The significance of this project is that it will provide the much-needed connectivity between Balochistan and Sindh and also facilitate CPEC traffic originating from the Gwadar Port,” said the NHA official.

Other projects include the Karachi-Hyderabad Motorway (M-9) where 95% work has already been completed and will see the finish line in March.

The 136km, the six-lane motorway with the two-lane service road on either side, is being built on the BOT basis at a cost of Rs44 billion.

Being the country’s busiest section with over 30,000 daily traffic count, this motorway will be immensely helpful in catering to the commercial traffic originating from the Karachi Port and the Port Qasim.

Following the recent inauguration of the Lyari Expressway, M-9 will offer an added benefit to commuters to reach their destinations without facing the city congestions.

Gojra-Shorkot (62km) and Shorkot-Khanewal (65km) sections of M-4 are scheduled to complete by August with a cost of Rs17 billion and Rs22 billion, respectively.

Financed jointly by the Asian Development Bank and Government of Pakistan, their completion will reduce travel time from the federal capital to Multan to just 5 hours.

Lahore-Abdulkhakim Motorway (230 km) is another important project that is expected to complete by May. Built at a cost of Rs 148 billion, the six-lane motorway will provide a swift and easy route between Lahore and Multan.

One of the important links of CPEC and the country’s longest planned motorway, Multan-Sukkur (M-5) is though scheduled to complete in 2019.

Its two sections — Multan to Shujaabad and Pano Aqil to Ghotki — will be completed this year. The 392km-long motorway is being financed by China at a cost of Rs294 billion.

Lahore-Sialkot Motorway (89 km) will be completed on the BOT mode by December at a cost of Rs44 billion. It will link the industrial city of Sialkot with the rest of the country, leading to swift movement of industrial products.

Islamabad Metro Bus (26.5km), another challenging project, is under execution and will be completed by the end of April. The project will link the traffic from the twin cities with the New Islamabad International Airport (NIIA).

Hazara Motorway (E-35) from Burhan to Shah Maqsood Interchange (47km) is already completed and open to traffic. The 15km addition is scheduled to complete by May, thus reducing the distance between Islamabad and Abbottabad to one-and-a-half hours.

The widening and improvement of GT Road section from Thokar Niaz Baig to Hudria Drain (10km) is underway and will be completed this year.

<https://tribune.com.pk/story/1633076/1-cpec-western-route-completed-end-year/>

NEWS COVERAGE PERIOD FROM FEBRUARY 5TH TO FEBRUARY 11TH 2018

WORK ON \$8.2B CPEC RAIL LINE UNLIKELY TO BEGIN SOON

The Express Tribune, February 7th, 2018.

Pakistan has been raising false hopes of early start of work on the \$8.2-billion Mainline-I (ML-I) rail track under the China-Pakistan Economic Corridor (CPEC) as it has not yet finalised the mode of financing because of its huge implications for the country's external debt.

An internal agreement on the exact financing modalities was essential before making a request to China for processing a loan, said sources in the Ministry of Planning, Development and Reform.

The project had already faced a delay of at least two years and there was still disagreement between the Ministry of Railways and other ministries, they said.

However, Pakistan Railways wants the central government to acquire the loan, which will not only make it part of the external debt, but will also shift the loan-servicing responsibility on to the centre.

The ML-I project is aimed at upgrading the existing 1,872-kilometre mainline of Pakistan Railways from Karachi to Peshawar. The project was planned to be completed in two phases between 2016 and 2020.

Now revised timelines suggest that the project cannot be completed before 2022 provided the government is able to start work this year.

For the past one and a half year, the government officials concerned have been giving false deadlines for signing the financing agreement with China.

Last month, Planning and Development Minister Ahsan Iqbal announced that groundbreaking of the ML-I project was expected in March 2018 and it would be completed in four years in various phases.

However, the Ministry of Railways has not yet submitted a new PC-I for first phase of the project to the planning ministry for approval. Iqbal had set the October 2017 deadline for the railways ministry for submission of the PC-I. Cost estimates have also remained inaccurate.

The government has decided to split the project into two parts due to its high cost and the work that requires refurbishment and expansion of the main rail line.

Sources said a decision on the exact financing mode would be taken by the Cabinet Committee on CPEC. But the Ministry of Railways was trying to push its own proposal.

On December 15, 2017, the financing group had decided that a summary would be sent to the CPEC committee for a decision on whether the borrowing would be made by the central government or it would be backed by sovereign guarantees.

However, the summary circulated by the Ministry of Railways for comments of the ministries pointed to only the central loan option.

The decision to obtain sovereign guarantees had actually been taken in November 2016 by the then minister of finance.

The Economic Affairs Division was of the view that in case the loan was acquired by the central government, the cost of borrowing for Pakistan Railways would jump to 9% whereas the government would pay around 2% in interest to China.

Such loans are covered by the relending policy, under which the federal government takes responsibility of repaying the money and bears the exchange rate risk in return for recovering a fixed interest from the borrower.

China has told Pakistan that it will consider only that loan request which covers the entire rail track from Karachi to Peshawar and not up to Lahore.

Officials of the Ministry of Railways insist that any loan request to China should be in line with the spirit of the framework agreement, which was the central loan. They pointed out that the agreement clearly mentioned that the loan would be given on highly favourable terms.

Project feasibility and the scope had been finalised and the railways ministry was trying to make the cost as realistic as possible, they said.

<https://tribune.com.pk/story/1627934/2-work-8-2b-cpec-rail-line-unlikely-begin-soon/>

CONDITIONAL OFFER MADE TO INDIA TO JOIN CPEC

Business Recorder, 8 February 2018

Ali Hussain

ISLAMABAD: Pakistan has made a conditional offer to India that it can be connected with China Pakistan Economic Corridor (CPEC) if the outstanding issues between the two countries are resolved.

“We’ve the potential to connect India with Central Asian states, Europe and the rest of the world if it is ready to resolve outstanding issues between our two countries”, a senior government official said while talking to Business Recorder on Wednesday.

He said that Northern India can be connected to CPEC under the One Belt One Road initiative once outstanding disputes are resolved.

“If we [Pakistan] can exploit the potential of connectivity, we can become a massive trade corridor and economic hub...CPEC is a half of the ‘dream’ and the second part is stability in Afghanistan,” he added.

Peace would benefit not only Pakistan but the whole region which would enable Pakistan to become a trade corridor. Pakistan is a gateway to the rest of the world and the whole region would benefit if Pakistan becomes the economic hub of Asia Pacific region, he said.

To achieve this objective, disputes between India and Pakistan as well as between India and China need to be resolved. The region has greatly been altered with no dispute resolution mechanism in place, making the region more fragile which is a major challenge, he added.

He pointed out that Pakistan due to its strategic location is offering the world a unique opportunity of connectivity through the Indian Ocean; and Balochistan has the potential of creating four international cities on the coastline.

“But efforts are being made to block this entry and exit point through India on one side and Afghanistan on the other side,” he argued.

To pressurize Pakistan, he said that efforts are being made to sabotage CPEC, give a bad name to the country’s nuclear programme while 11 entities linked to the country’s nuclear programme have already been sanctioned. To put the blame on Pakistan for its [US] failure in Afghanistan, the US is diverting attention by demanding Shakil Afridi’s release [who traced Osama bin Laden], speaking India’s language on Kashmir, giving undue role to India in Afghanistan, sanctioning Jaish-e-Mohammad chief Masood Azhar and keeping Pakistan engaged in fighting terrorists.

“We were pushed to engage in FATA on the Western front while the prime objective of external forces was to work in Balochistan and Karachi to support separatist forces,” he said.

On the other hand, he stated that the US and its allies through its agenda of “containment of China” and “blocking Russia’s resurgence” have posed a more serious challenge to the region as well as to the concept of economic integration of regional countries.

“The US is not in Afghanistan to win this war but it has a long-term objective to remain in Afghanistan to contain China and Russia’s resurgence through its policy of ‘rebalancing Asia’”, he said, adding “the US is also exporting instability to the region through several signed defence cooperation agreements with India”.

While India, as the major ally of the US, is threatening to impose a limited war on Pakistan despite our nuclear capability, and thereby threatening regional peace and stability, he added.

Referring to internal challenges, he pointed out that the issue of extremism and sectarianism is a major internal challenge followed by continued political instability coupled with ethnic movements at provincial level and lack of governance.

Another major challenge he pointed out is the 38000 religious seminaries operating in the country in which 3.5 million students are studying with no checks from the State. “There is no check on these seminaries’ students after they complete their education,” he added.

<https://epaper.brecorder.com/2018/02/08/1-page/698545-news.html>

March 2018

NEWS COVERAGE PERIOD FROM MARCH 26TH TO MARCH 31ST 2018

INSURANCE INDUSTRY RIPE FOR BIG BOOST: RAJWANA

Shahram Haq

The Express Tribune, March 28, 2018

Punjab Governor Malik Rafique Rajwana said on Tuesday that Pakistan's insurance industry should prepare itself for some bigger challenges which could prove as a turning point for this underrated sector.

“Every challenge brings an opportunity for the individuals, businesses and nations. Pakistan is an emerging market and its on-going China Pakistan Economic Corridor (CPEC) project will definitely bring business for this sector, which currently contributes below 1% to national Gross Domestic Product”, said Rajwana, while addressing a seminar on good governance and the development of insurance industry. The seminar was jointly organized by Express Media Group and Federal Insurance Ombudsman.

The governor said that unfortunately there is mistrust between insurance companies and its clients. “Normally it took years and years for any effect to get their claims and many times insurance companies use delay tactics which further widens the mistrust,” he said and added that this industry needs ethics and most importantly the trust.

“The insurance policy is sensitive in the sense that it only materializes on trust, the person who agreed to take an insurance policy has no physical product with him,” he said.

He added that the Federal Insurance Ombudsman (FIO) is doing a great job but awareness needs to be spread across the country about insurance benefits and how a person can be helped by the department in case of any mismanagement by any insurance company.

The FIO Raeesuddin Paracha speaking at the occasion said that there are merely five percent of people in Pakistan who actually know what FIO really is and how it can help them to get their stuck claims.

“Each year almost 35,000 cases are being rejected by insurance companies and less than 10% people contact FIO against the mistreatment”, Paracha said.

He added that the insurance has a lot of potential in Pakistan and “all of our neighboring countries are ahead of us.”

“The scope of insurance is now expanding from life or general insurance to livestock, and other fields”, he said, adding that many people have doubt in mind regarding insurance.

Takaful is the best solution for them. “In the event of any loss, if the person knows them or their family, they will get their claims within days than they will go for the policy. “However, the situation is the opposite in reality”, he said.

Paracha further advised the insurance companies to prepare themselves for CPEC. “What I have observed is that industry is not ready for CPEC”, he said adding that all stakeholders should sit together and devise a policy and new products to gain maximum benefits and business uplift through CPEC.

<https://tribune.com.pk/story/1670905/1-insurance-industry-ripe-big-boost-rajwana/>

CPEC, PAKISTAN AND GLOBAL VALUE CHAINS

The Express Tribune, March 28th, 2018.

Discussions on CPEC seem to have rightly moved from infrastructure to industrial development and economic cooperation. That is where CPEC can bring real dividends for Pakistan — a country with a relatively simple industrial base, declining exports and low economic complexity.

During the last 13 years, Pakistan’s industrial base did not evolve much and consequently the economic complexity ranking merely moved by four positions, with 88th position in 2003 to 84th in 2016. Pakistan’s share of exports in the global market in the meanwhile declined from 0.16% to 0.13%. China, on the other hand, jumped from 35th to 26th position in economic complexity rankings during the same period, while increasing its share of the world’s exports from 6% to 13%.

So how did China do this? One of the key contributors was China’s leapfrogging on its industrialisation path through participation in global value chains (GVCs). A similar approach may also help Pakistan in defining industrial cooperation under CPEC.

But first it’s important to understand what these GVCs are. With increased globalisation, corporations are outsourcing their production processes more than ever before to locations where they can find best value for money. As a result, an iPhone may be designed in the US but gets its electronic chips from Taiwan, display from South Korea, cameras from Japan and finally gets assembled in China and Brazil before being sold across the globe. These are the so-called global value chains.

While GVCs are helping the multinational corporations to reduce their costs and improve the quality of their products, they are also enabling the participating countries to integrate into global markets without developing the knowhow of the full value chain. GVCs rest on detailed exchange of information, technology and components and deep supplier relationships much beyond the traditional knowledge transfers of the past.

For instance, Toyota is known for improving production systems of its suppliers, invest in their technical capabilities and undertake joint improvement activities, while rewarding them for good performance through orders for more components. Consequently, the offshore companies participating in GVCs acquire new technologies and skills resulting in improved processes, upgrading the product offering or even acquiring new functions altogether.

These could then have spillover effects for other firms in the country, enabling developing economies to move up the technology ladder from exporting raw materials to greater value addition and increased sophistication. Economists argue that such an approach enables countries with lower wages to industrialise much more rapidly than was previously possible.

This is exemplified by China's experience, which successfully used its low-cost labour to partner with leading international corporations, selling to consumers around the world and in the process improved its own technological base and economic sophistication and becoming the world's largest exporter.

In 2016, Pakistan's overall trade was merely 25% of its GDP, as compared to the world's average of 56%, South Asian average of 39%, 40% for India and 38% for Bangladesh. Looking at Pakistan's export composition by production stage, raw material exports claimed 9% share in total exports in 2016, whereas intermediate goods claimed only 27%. The rest of 60% went to consumer products and a meagre 3% to capital goods. Although specific GVC participation data is not available for Pakistan, the trade-to-GDP ratio and current export composition depict low levels of trade openness and globalisation, resulting in low GVC participation.

Let's look at the case of Pakistan's auto parts industry. The car manufacturing industry is universally structured across GVCs, where automakers rely on a vast network of suppliers. The 'Tier 1' suppliers themselves are typically massive firms with global presence, such as Denso and Saint Gobin, with hundreds of thousands of employees, thousands of registered patents and operations across various countries. A recent research study undertaken by IDEAS highlight that Pakistani auto part manufactures, despite having significant exports, still lie on the periphery of this vast GVC, being secondary contractors to these Tier 1 suppliers.

So how can Pakistan increase its GVC participation and benefit from CPEC? Literature shows that primary drivers of GVC participation of a country include its market size, overall development, industrial structure and location. Pakistan scores quite well in terms of market size being the world's fifth-largest country and also in terms of location, being next door neighbour to China, which is the world's largest exporter, biggest production hub and one of the largest markets. CPEC is expected to further improve connectivity with China, enhancing this advantage. Accessing even part of the value chain of Chinese products presents a large opportunity for Pakistani manufacturers.

More importantly, however, certain policy levers can play an instrumental role in encouraging GVC participation. These include targeted trade policy, openness to the FDI, low cost to import, efficient trade and logistics infrastructure and facilitation, intellectual property protection and a friendly business environment.

While it may be difficult to immediately remove distortions in all these areas, the planned Special Economic Zones under CPEC can play a great role to create a micro-investment climate enabling GVC participation for local firms, supported through targeted investment policies.

The starting point should be integration with regional value chains, where Pakistan can benefit from lower costs of physical transportation. South Asia is one of the least integrated regions within Asia (Asian Development Bank's Asian Economic Integration Report 2017) with inadequate infrastructure as a major constraint. With CPEC, however, this can change. The infrastructure in Pakistan is getting a major boost and now there is a need to make use of this opportunity to move towards greater economic integration and trade, not only across north-south corridor but also gradually moving east and west by better economic and trade ties with India and Iran.

<https://tribune.com.pk/story/1670659/6-cpec-pakistan-global-value-chains/>

NEWS COVERAGE PERIOD FROM MARCH 19TH TO MARCH 25TH 2018 CPEC AND ITS CRITICS

The Express Tribune, March 19th, 2018.

The China-Pakistan Economic Corridor (CPEC) is the main focus of the 10th annual report issued by the Lahore-based Burki Institute of Public Policy. The programme is still not fully formed; it will develop as its implementation proceeds. Economists call this way of developing a programme, 'learning by doing'.

The only other foreign-funded programme of approximately this size implemented by Pakistan was the Indus Waters Replacement Works. In current dollar terms, it was as large as CPEC but its overall aim was more limited. It was designed to replace the water from the Indus River System that India was allowed to use for its own development. CPEC has come to Pakistan not that well formed. It will develop over time in a situation that will be highly dynamic.

To realise its full potential, the large CPEC programme must have the support of the entire citizenry. With highways, railways, ports, power plants and industrial estates, there will hardly be a part of Pakistan the CPEC programme will not touch. It will profoundly change the structure of the country's economy and alter the lives of all people. There are, therefore, good reasons to explain to the citizenry what will be the consequences for them of the initiative when, in terms of implementation, it has achieved a degree of maturity.

Given the reach of the programme and the fact that it is sponsored by the country that now has the world's second-largest economy, there is reason to believe that some of China's rival powers are attempting to throw blocks in the way as the initiative proceeds. Some of what we have begun to hear and read in newspaper coverage uses phrases that were manufactured abroad and exported to Pakistan.

One repeatedly comes across statements that the programme has been launched to colonise Pakistan; that the ultimate aim of the Chinese enterprises and thousands of their employees who have entered the country has a historical precedence, the British East India Company that came in the 18th century to trade but stayed on to rule; that through the programme, China is engaged in achieving its aim of global domination without any interest in promoting Pakistan's progress.

This kind of talk is aimed to instill fear into Pakistani hearts. We must guard against this reading of the initiative and ride over the obstacles that are being thrown in the way of the programme's successful implementation.

Given the size of the China-financed programme and its dynamic nature, it has arrived in Pakistan not fully defined and developed. Its content and scope will change as it progresses. All the governments involved in developing and implementing this vast enterprise — the governments in Islamabad and Pakistan's provincial capitals as well as the one in Beijing — will build on the programme's successes.

They will also work to mitigate the problems as the implementation of the programme proceeds. But it should be emphasised — as the Burki Institute's report does — the programme will bring about positive change in Pakistan. The term we have used in many places in the report is that it will be a

‘game changer’ for Pakistan. It will add possibly as much as two percentage points to the growth rate in Pakistan’s GDP. If that does occur, Pakistan’s economic growth trajectory will begin to match that travelled by China and the ‘miracle’ economies of East Asia.

CPEC will bring about greater integration of Pakistan’s backward areas with those that are more developed. We can expect considerable narrowing of the per capita income gap between the provinces of Balochistan and Khyber-Pakhtunkhwa, on the one hand, and Punjab, on the other. This will happen in part by taking the sector of agriculture towards the production of higher-value products such as fruits and vegetables. These would be processed and exported to western parts of China that don’t have the local capacity to provide for the anticipated increase in their population.

China also has a growing appetite for livestock products, a sector that has done well but remains relatively underdeveloped in Pakistan. Supplying meat, milk and milk products to western China could help this sector to grow. Since women are actively involved in this sector, its development would help increase their income and independence.

The CPEC initiative will link Pakistan with the global economic system from which it has remained relatively detached. One way this initiative could bring Pakistan’s economy closer to that of the rest of the world is by making the country’s small engineering enterprises enter the supply chains to feed into the production of final products.

The global automobile industry is a good example of the way parts and components manufactured in different parts of the world get used to produce the final product. The large car and truck-manufacturing industry in the United States is heavily dependent on the parts made in Mexico. China is now on the way to becoming the world’s largest automobile manufacturer. It too could import parts made in Punjab’s ‘golden triangle’ bounded by the cities of Lahore, Gujranwala and Gujrat.

These are some of more important outcomes of the CPEC initiative which we should take into account while planning for the country’s future. We should also recognise that there are foreign interests that are interested in derailing the programme. The attempts that are being made should be understood in terms of what they are. They have been launched to hurt Pakistan while attempting to keep China out of the strategic area of which Pakistan is an important part.

<https://tribune.com.pk/story/1663755/6-cpec-and-its-critics/>

GB YOUTH TO BE GIVEN TRAINING FOR CPEC PROJECTS

Dawn, March 20th, 2018

RAWALPINDI: The National Logistics Cell (NLC) established an Applied Technologies Institute (ATIN) in Gilgit in collaboration with the Gilgit-Baltistan government and the Force Command Northern Areas (FCNA) in order to give the youth of GB the latest technical education so they can play their due role in the China-Pakistan Economic Corridor (CPEC).

According to a press release, classe the building has been completed and NLC is in the process of hiring trained and experienced faculty members in the fields of civil, mechanical and electrical technology. Modern equipment has been procured for the institute and classes will commence shortly. NLC is running ATINs in Mandra, Dina, Amangarh and Khairpur. The institutes are affiliated with

the National Training Bureau and the National Vocational and Technical Training Commission. More than 5,000 students have been trained in these institutes.

<https://www.dawn.com/news/1396443>

ANOTHER BODY FORMED FOR ‘CPEC PROMOTION’ WITH RS339 MILLION BUDGET
The Express Tribune, March 20th, 2018.

Shahbaz Rana

In what appears to be sheer wastage of taxpayers’ money, the government set aside on Monday Rs339 million for another project meant for “strengthening industrial cooperation” under the China-Pakistan Economic Corridor (CPEC).

The Central Development Working Party (CDWP) approved the three-year CPEC Industrial Cooperation Development Project at a cost of Rs339.3 million, according to the planning ministry. However, the tasks mentioned in the PC-I of the project are either the responsibility of the Board of Investment (BOI) or have already been completed.

The project will be executed by the BOI, which is also the Secretariat for Industrial Cooperation under CPEC. It is feared that the project will also divert the government’s attention from core issues that have so far hampered progress on CPEC-prioritised special economic zones (SEZs).

These core issues include the government’s taxation policies, incentive packages for Chinese investors and selection of sites for industrial zones and their management by the provinces. Some of these issues are related to the provinces and cannot be resolved through the CPEC Industrial Cooperation Project, said sources in the BOI.

On Saturday, CDWP Chairman Sartaj Aziz, who is also the deputy chairman of the Planning Commission, stated that the success of industrial cooperation under CPEC initiative hinged on formation of joint ventures between Pakistani and Chinese investors.

“The main objectives of the project inter alia are formulation of a long-term industrial cooperation plan till 2030, carrying out research studies and identifying investment opportunities for the establishment of SEZs,” according to the PC-I of the project.

However, Pakistan and China have already approved CPEC’s Long-Term Plan (LTP) till 2030. In addition to the officially approved LTP, there is a voluminous study by China Development Bank on the execution of the LTP including industrial cooperation.

“In order to take forward industrial cooperation, a long-term plan is required followed by a detailed action plan to achieve the desired results,” the BOI wrote in its project document.

To ensure that CPEC’s industrial zones are set up and are fully functional, the BOI will buy ten vehicles at a cost of Rs23.35 million despite the fact that development budget cannot be used for procuring cars. An amount of Rs5 million has been approved for fuel payments as well.

The project has been prepared and approved without first conducting a mandatory feasibility study. “The PC-I lacks breakdown of capital costs,” according to the Planning Commission’s observations.

The BOI had initially sought Rs786.5 million for carrying out this task in five years. After watering down its ambitions, the BOI submitted the revised PC-I of the project on Thursday, which the CDWP approved after just one working day.

The project has been conceived during the course of the fiscal year and does not have financial allocation in the current year’s PSDP. It has been approved for a period of three years.

The project is conceived as per decision of the 52nd CPEC Projects Progress Review meeting, chaired by Planning Minister Ahsan Iqbal, according to the BOI.

One of the activities proposed for the project is identifying the sites for setting up SEZs by the federal government. This task has already been completed. The project has been designed for CPEC SEZs but among the tasks are publicity campaigns and holding international road shows.

An amount of Rs35 million has been earmarked for advertisement and publicity and another Rs15 million for international tours. Additionally, Rs30 million have also been allocated for conducting local conferences. A total of Rs30 million would be disbursed as travel and daily allowances.

Despite the secretariat of the new project being set up in the BOI building, the government still approved Rs25.1 million as ‘renting office space’, Rs5 million for utility charges and Rs2 million for purchase of generators. A substantial amount of Rs30 million has been earmarked for purchase of office furniture and equipment.

The government’s motivating factors behind the project are said to be a lack of joint ventures between Pakistani and Chinese investors, low foreign direct investment (FDI), lack of market diversification and lack of complete business solutions to foreign investors.

Ironically, attracting FDI is the core responsibility of BOI.

The new project will also provide secretariat support for all activities of the Joint Working Group on Industrial Cooperation and other matters under CPEC, a task that the BOI has been successfully undertaking for the last three years.

It will also carry out research and feasibility studies for identification of investment opportunities for establishing the SEZs and other industrial projects, a task shared by the Joint Working Group on Industrial Cooperation.

The CPEC Centre of Excellence had earlier been set up for conducting CPEC-related research and studies at a cost of Rs1.2 billion.

<https://tribune.com.pk/story/1664325/2-another-body-formed-cpec-promotion-rs339-million-budget/>

INDIA ASKED TO REVIEW SHORT-SIGHTED APPROACH TO CPEC
Dawn, March 23rd, 2018

Syed Irfan Raza

ISLAMABAD: Minister for Planning, Development and Reforms Ahsan Iqbal has asked India to benefit from the China-Pakistan Economic Corridor (CPEC) project, instead of criticising it.

Addressing a press conference on Thursday, he advised New Delhi to review its short-sighted approach towards the project. He said the “CPEC is purely an economic development project that would bring prosperity. India should get benefit from the project rather than pursuing unnecessary criticism”.

Mr Iqbal said India’s reaction to the CPEC was not positive and sooner or later it would realise that the project would benefit the entire region. “The CPEC would bring prosperity to the region, including China and Pakistan,” he added.

Stressing the need for strengthening cooperation in the region, the minister said the resolution of the issues didn’t lie in tensions and disputes among regional countries. He said India held the key to peace in South Asia and that country could not progress without cooperation.

He said the future of Asian countries depended on promotion of trade and commerce and connectivity through transport corridors.

“Transport corridors help connect the countries and play a pivotal role in economic integration, trade development and regional connectivity across the globe,” he added.

The minister said Pakistan was also making progress on other corridors in order to enhance its connectivity through the Central Asia Regional Economic Cooperation. The regional cooperation was opening new opportunities for growth and progress, he said.

The minister said South Asia was the least integrated region in the world and that is why regional countries, including India, Bangladesh and Pakistan, were ranked among least developed countries in terms of social indicators. He stressed the need for developing more markets to create demand for growth and said it was only possible through enhanced cooperation and connectivity among regions as well as with other markets of the world.

“The CPEC is not only an economic integration project of the region, but it would also open ways for market access to Central Asian states and through Central Asia to other parts of the world,” he said.

<https://www.dawn.com/news/1397018/india-asked-to-review-short-sighted-approach-to-cpec>

‘CPEC OFFERS GREAT ECONOMIC POTENTIAL’

Dawn, March 23rd, 2018

Amin Ahmed

ISLAMABAD: The World Bank, Asian Development Bank (ADB) and several other international development agencies have observed that the \$60 billion China-Pakistan Economic Corridor (CPEC) offers enormous economic potential for Pakistan.

The participant agencies — Britain’s Department for International Development and the Japan International Cooperation Agency — have discussed several economic corridors in various parts of the world in a joint report titled ‘The Web of Transport Corridors in South Asia’.

However, appraisal simulations for CPEC and the Kolkata-Dhaka corridor suggest that complementary measures are needed to improve local conditions that, in turn, will create formal jobs and generate tax revenues that could pay for such corridor investments.

Commenting on the report, World Bank Country Director for Pakistan Illango Patchamuthu said that the upcoming Khyber Pass Economic Corridor project is an example where trade facilitation and the development of local economic activities are explicitly integrated in the project’s design.

The report notes that the many transport corridors proposed across Asia would cost trillions of dollars to implement, far exceeding the financing resources available.

Hence, countries need to prioritise the most promising corridors that will deliver the expected transformative impacts for their economies and people.

Engineering designs and geopolitical considerations could be important, but sound economic analysis is the key to designing truly successful corridors, the report argues.

The ability of large-scale transport investments to generate wider economic benefits depends on the population density in the areas they cross. Their capacity to spur structural transformation along the way depends on complementary factors around the transport corridors, such as the skills of the local population or restrictions on local land use.

<https://www.dawn.com/news/1396998/cpec-offers-great-economic-potential>

INDIA URGED TO CHANGE APPROACH

Business Recorder, 23 March 2018

Tahir Amin

ISLAMABAD: Minister for Planning, Development and Reform Ahsan Iqbal Thursday urged India to review its negative approach towards the China-Pakistan Economic Corridor (CPEC), as it is neither a conspiracy nor a military project but a project for regional connectivity and development.

The minister protested with the World Bank Group (WBG) for not showing Northern Areas (Azad Jammu & Kashmir and Gilgit-Baltistan) in the map of Pakistan in the presence of Indian high commissioner to Pakistan during a launching ceremony of a report titled “The Web of Transport Corridors in South Asia.”

The report was published by the Asian Development Bank, United Kingdom’s Department for International Development, Japan International Cooperation Agency and the World Bank.

Lead Economist WBG Martin Melecky was presenting an overview of the report, during which Iqbal noticed that Pakistani map was incomplete and said that Kashmir was not there. Later, the officials assured him and announced that they would revisit the report. The report was also not offloaded on

the website till filing of this story. When asked from the WB officials, they said that due to some technical glitch, the report would be offloaded in one to two days.

Iqbal said that South Asia was the least integrated region in the world, and due to least integration the regional countries including India, Bangladesh and Pakistan were ranked among list of least developed countries in terms of social indicators. This needs to be changed in order to have inclusive and sustainable development in the region.

“Pakistan invites all the countries in region to cooperate with one other in trade and commerce for welfare of people of South Asia. Pakistan wants a shared prosperity in the region. Trade barriers and inefficiencies in border management impose huge economic costs and they need to be addressed effectively to materialize wider economic benefits of transport corridors,” said the minister, adding that no country in South Asia should feel threats from the CPEC.

“In the presence of Indian high commissioner it is stated with sorrow that world is progressing but we are indulged in conflicts. Next generations would not forgive us,” said the minister. He said Pakistan and India had not cordial relations but they should move forward towards development while surpassing conflicts.

He further said that by adopting regional cooperation and connectivity approach, billion of people could harness benefits while investing in health, education and infrastructure development sectors. Future of Asian countries depends on promotion of trade and commerce and connectivity through transport corridors.

He called upon India to get benefits from the CPEC rather than pursuing unnecessary criticism.

“Transport corridors help connect the countries and play a pivotal role in economic integration, trade development and regional connectivity across the globe,” Iqbal said, adding the regional cooperation was opening new opportunities for growth and progress.

He stressed the need for developing more markets to create demand for growth and said it was only possible through enhanced cooperation and connectivity among regions as well as with other markets of the world.

He further said CPEC was a step for regional cooperation and connectivity and it was creating a new supply chain market and shared prosperity across all the parts of the country by enhancing market access of all stakeholders.

The minister said other aim of those corridors was to reduce distance among different economies, besides increasing connectivity and opening better return opportunities for socio-economic development.

Iqbal reaffirmed that the CPEC was not only an economic integration project of the region but it would open ways for market access to Central Asian states and through Central Asia to other parts of world.

He further noted that transport corridors were a key to develop new markets that would help developing economies climb up the development ladder. “I do not envisage infrastructure

development simply as a platform for cars/trucks; instead transport corridors allow economies to materialize spillover effects in land, labor and product markets,” he added.

Later, talking to the media persons, he said CPEC was a purely an economic development project that would bring prosperity. Besides the CPEC project, Pakistan was also making progress on other corridors in order to enhance its connectivity through Central Asia Regional Economic Cooperation (CAREC), he added. He said India’s reaction towards CPEC was not positive and the country should revisit it.

“The upcoming Khyber Pass Economic Corridor Project is a positive example, where trade facilitation and the development of local economic activities are explicitly integrated in the design of the project,” said World Bank Country Director for Pakistan, Patchamuthu Illangovan. He said CPEC was providing a big opportunity for the development of Pakistan, besides it would promote regional cooperation.

With investments in roads, railways and ports, the \$60 billion CPEC offered enormous potential for Pakistan to boost its economy, reduce poverty, spread benefits widely and help those likely to be affected by the new trade route, said the report.

Highlighting the salient features of the report, Martin Melecky, lead economist, said there were many corridor proposals but there was a dire need for bridging the gap between investment and financing capacity and stressed the need for adopting the holistic appraisal methodology.

“The largest economic gains from investing in transport corridors may arise from urbanization and job creation around this new infrastructure, rather than from many more vehicles using it,” said one of the report’s authors, Martin Melecky, who added, “Not all corridor investments are equally successful in creating large economic surpluses that spread fairly throughout society.”

The report noted that the many transport corridors proposed across Asia would cost trillions of dollars to implement, far exceeding the financing resources available. Hence, the countries need to prioritize the most promising corridors that will deliver the expected transformative impacts for their economies and people. Engineering designs and geopolitical considerations could be important, but sound economic analysis is a key to designing truly successful corridors, the report argued.

The ability of large-scale transport investments to generate wider economic benefits depends on the population density in the areas they cross. Their capacity to spur structural transformation along the way depends on complementary factors around the transport corridors, such as the skills of the local population or restrictions on local land use. The new transport infrastructure must come with the means for people to take advantage of the improved connectivity right from the start.

The investment in transport corridors is expected to create large economic surpluses that can spread throughout the economy and society and stressed the need for fair and equitable distribution of the investment benefits across the population.

The report aimed at presenting past and recent case studies of corridor initiatives and makes an assessment of corridor investment supported by international development organizations.

The report urged for engaging private sector and considering disparities in regional development. It called upon the policymakers to ensure the private sector understanding about the corridor programme, take ownership and ensure that it was not overwhelmed by the risk.

The analysis suggested that so far the engagement of the private sector might have contributed to the development success of corridor projects.

The report reviewed the international experience with economic corridors, from the Pacific Ocean Belt in Japan in the 1960s to high-speed train networks in Europe more recently. It also analyzed the impacts of the Golden Quadrilateral Highway System in India and found positive effects, including higher economic activity and better (non-farm) jobs for women.

However, air pollution rose in parallel and gains in household consumption were not equally shared across connected districts. Appraisal simulations for the CPEC and the Kolkata-Dhaka corridor suggest that complementary measures are needed to improve local conditions that in turn will create formal jobs and generate tax revenues that can pay for corridor investments.

In the light of international evidence and specific analyses for South Asia, the report advocated for a more comprehensive design of corridor programmes that actively manages tradeoffs and closes potential financing gaps in a sustainable manner.

<https://epaper.brecorder.com/2018/03/23/1-page/706377-news.html>

NEWS COVERAGE PERIOD FROM MARCH 12TH TO MARCH 18TH 2018
BUMPY RIDE ON CPEC ROAD AS PEOPLE CRY FOR TRANSPARENCY
The Express Tribune, March 12th, 2018.

The China-Pakistan Economic Corridor (CPEC) project these days is getting filled with stories of contracts being awarded without ensuring a level playing field in the public procurement market.

Stakeholders are getting fed up with the government's inability to overhaul an antiquated tender system as well as to keep corruption in check.

Though the government is committed to transparency, what it actually does is an exercise in bureaucratic smoke and mirrors designed to confuse the public. So while these mega transparency projects promise to be an economic windfall, the potential for corruption is also very real.

Last week, a Senate standing committee raised concern over a possible corruption scandal after the panel uncovered a series of irregularities in the award of a lucrative motorway (M5) contract by the National Highway Authority (NHA) to a Chinese state-owned entity, China State Construction Engineering Corporation (CSCEC).

It is interesting to note that CSCEC was accused by the World Bank of indulging in corrupt practices in 2009 and was blacklisted from participating in any of the bank's tenders for six years. After the ban was lifted in 2015, Moody's Investors Service assigned A2 issuer rating to CSCEC.

A review of hundreds of pages of bidding documents, addendums and evaluation reports related to M5 reveals some interesting facts. After a pre-bid meeting with three Chinese firms in June 2015, the

original bidding document was modified through an addendum. It barred firms which were not nominees of the Chinese government from participating in the bidding process altogether.

It also clearly mentioned that being a foreign-funded project, Chinese firms did not need to engage a local partner necessarily and a joint venture with a local firm was optional on their part.

It is also apparent from the review of procurement arrangements that the Export-Import Bank of China (Exim) favoured lending to those Chinese construction firms that import raw materials including cement and purchase equipment from China.

So all three bidders quoted prices keeping that in view and hence their bids (Rs422 billion to Rs452 billion) far exceeded the engineer's estimate of Rs248 billion.

The high variation in bid prices is also a matter of concern here as a contractor may bid below its cost to win a contract and earn money through large variation orders later – with no 'de-scoping' clause in the contract.

In order to minimise the foreign loan component, the government decided to exempt the company from paying income taxes besides federal excise duty, sales tax and withholding tax – not only on temporary machinery imports but on all kinds of imports till the limit of Rs19.047 billion is exhausted.

Then CSCEC was asked to submit an alternative bid with a rationalised bid price of Rs294 billion after doing negotiations with the lowest bidder. This was a clear violation of tendering (PPRA) rules as negotiated procurement and revision of proposal is not allowed as per Rule 40.

The Auditor General of Pakistan commented that rates quoted by CSCEC were “very much on the higher side” as compared to PC-1 rates. Transparency Pakistan wrote a letter to the NHA mentioning that the agent of CSCEC, Javed Saddiq, was entitled to around 6% agency commission.

Now, the National Accountability Bureau (NAB) has ordered complaint verification against the NHA for alleged irregularities and collusive practices involving billions of rupees in the award of contract for the Multan-Sukkur Motorway.

Apparently, the case is about bribery but there are no bribery charges. The arrangement may have been a quid pro quo where authorities asked for the alternative bid after granting the contractor exemption from taxes.

However, this inquiry won't go ahead and it is more like a “storm in a tea cup” because it may tarnish the CPEC brand and since the NHA enjoys monopoly when it comes to infrastructure development under CPEC.

Moreover, the audit report by Kreston Hyder Bhimji and CC suggested that the NHA contracted 104 works for Rs762 billion against project estimates of Rs978 billion, resulting in savings of Rs216 billion.

However, the actual question remains whether due process was followed in those cost savings or the NHA has been negotiating under “technical” cover in clear violation of PPRA rules – not to mention absence of a level playing field for local contractors.

<https://tribune.com.pk/story/1657399/2-unearthing-scandals-bumpy-ride-cpec-road-people-cry-transparency/>

CPEC: WESTERN ROUTE AND BALOCHISTAN

The Express Tribune, March 13th, 2018

During his recent visit to China, a senator claimed knowing that there was no mention of the western route in the Chinese records of CPEC. The statement fuelled widespread speculations on social media about ignoring Balochistan in CPEC’s development. It is however important to look at the facts and ascertain if these speculations hold any merit.

There are three planned alignments within CPEC: eastern, central and western, routes, with the last being critically important since it runs through underdeveloped areas of K-P and Balochistan. The western route will connect Islamabad-Peshawar (M-1) motorway with Gwadar, through DI Khan, Zhob and Quetta.

Let’s first see if Chinese record has any mention of the western route or if it only exists in Pakistani plans. Initially developed by the Chinese National Development and Reform Commission and China Development Bank, based on an earlier much detailed document, CPEC’s long-term plan has been publicly released. The approved LTP therefore is a direct reflection of Chinese plans.

The LTP clearly mentions construction and development of DI Khan-Quetta-Sohrab-Gwadar road, while the Sukkur-Quetta link forms one of three critical axes of CPEC. The LTP also mentions developing Quetta as a key node, besides other cities, as well as establishing the western logistics corridor business zone. The detailed version describes this as the zone for logistics, mineral exploration and ecological conservation encompassing Gwadar, Quetta and DI Khan. With so many details in the LTP, it is hard to believe that the Chinese are unaware of the western route.

Let’s also look at the progress made so far on the western alignment. The 1,153km-long route consists of four parts. The first is the 280km-long Hakla–DI Khan Motorway (also known as Brahma Bahtar-Yarik Motorway), starting from Hakla interchange on M1 and culminating at Yarik, DI Khan. The contract to build this 4-lane road was divided into five packages and awarded to various contractors, including NLC, FWO and others. The construction on various parts is underway.

The second part comprises the already existing N-50 National Highway between DI Khan and Quetta passing through Zhob, which is being upgraded under the Asian Development Bank’s National Highway Development Sector Investment Program. The third part includes 470kms of upgrades to N-25 highway from Sorab to Hoshab near Turbat, which is also reportedly complete. The fourth and the last part is M-8 motorway between Hoshab and Gwadar that has also been built. The under-construction part of M-8 will continue all the way to Khuzdar creating an alternative route. The western route may be getting bulk of its financing from sources other than CPEC, but considering the substantial physical progress on ground, it becomes quite clear that the western route is a reality and remains a core priority for the government.

There is however a need to look for underlying problems that have caused such speculations. The government's policy to share minimum information with the public has caused some serious mistrust. The public disclosure of LTP by the planning minister was a good step but there is a need to share more. For instance, the official CPEC website still shows that land is being acquired for N50 but the project is way beyond that stage. Similarly, there is no mention of Brahma Bahtar-Yarik Motorway on CPEC's website. The website also does not clearly explain how these routes have been divided into various packages and the progress made till now.

Moreover, at a deeper level the issue is of the sense of deprivation of Balochistan being the least-developed province. More than 7 out of 10 people in Balochistan live in poverty, as compared to three-four in Punjab and Sindh. It has the highest illiteracy rate, lowest immunisation coverage and lowest number of households using electricity as source for lighting or gas as main fuel for cooking. There is an immediate need to attend to these development disparities and ensure that the province is fully integrated into future economic development plans. A peaceful and prosperous Balochistan is central to CPEC's success, without which the project's benefits can never be reaped.

<https://tribune.com.pk/story/1658041/6-cpec-western-route-balochistan/>

CPEC A CLEAR EXAMPLE OF PAKISTAN BEING INVESTMENT-FRIENDLY: AFZAL
Business Recorder, 14 March 2018
Sohail Sarfraz

ISLAMABAD: State Minister for Finance Rana Muhammad Afzal Tuesday conveyed to investors that the China-Pakistan Economic Corridor (CPEC) is a clear example of how Pakistan is investment-friendly country where investors are well protected by laws and investment policies.

He was addressing as chief guest of the Pakistan's largest saving and investment show "Capital investment summit & Expo 2018" started at Pak-China Friendship Centre, Islamabad discussing the capital investment market situation of Pakistan.

While addressing the inaugural session, Rana Afzal said Pakistan of 2018 has totally changed with so much economic improvements. We have created a favorable environment for investment. He stated that Pakistan is now competing with the developed economies.

While commenting on the CPEC, Rana Afzal said that CPEC is a clear example of how Pakistan is investment friendly country and investors are well protected by laws. He urged more investors to get benefit from Pakistan's favorable investment policies. He said that Pakistan is one of the top flexible and intelligent labor force provider in the world.

The event brought together investors from around the country, industry experts, and prominent names in the capital investment business. Event has been organized by Pakistan Guarantee Export corporation limited supported by Board of investment, Ministry of Finance, Ministry of overseas Pakistan and overseas Pakistanis foundation.

Speaking on the occasion, Secretary Board of Investment (BoI), Sumaira Nazir Siddiqui said that Pakistan's economy growing at rapid pace and our all economic institutions are investment friendly.

She told that investor friendly policies are bringing huge impact on economy and more investors are coming to Pakistan feeling their money well protected.

Mr. Richard Morin, MD Pakistan Stock Exchange went on to emphasize the importance of the capital market in overall economic growth of the country. He said that situation has improved a lot and they are working on to minimize the challenges.

Mian Mehmood, Chairman Pakistan Guarantee Export corporation limited, said that the aim of the event is to bring experts on one platform to discuss the current and future potential of Pakistan's capital investment market. He said that investors from around the globe are willing to invest in Pakistan and such events will help Pakistan to show the real worth of our market and will attract more players to join. He said that we all are here to discuss the challenges, possibilities and way forward.

The plenary session on "Country Profile: Pakistan The Trillion Dollar Market" remained the most attractive session with the focus on China Pakistan Economic Corridor (CPEC). Ms Amena Cheema, the former Chairperson Punjab Board of Investment & Trade (PBIT) gave a presentation on the prospects of investment in various Special Economic Zones (SEZs). She mentioned about 10 CPEC SEZs in which the investment is being facilitated by offering incentives specially by minimizing the time and cost of starting industrial projects in these SEZs.

Ms Teresa Sanchez, who had arrived in Pakistan a week ago as Resident Representative for the International Monetary Fund (IMF) highlighted the major aspects of seeing Pakistan as an emerging economy.

The session on "Pakistan's Capital Markets: Journey to Best Performer Status & Future Expectations" focused on expanding the base of Pakistan's Capital Market by getting more companies to be listed in the market. Richard Morin, MD Pakistan Stock Exchange highlighted the areas as how to increase the investor base in Pakistan's Capital Market. The participants were of firm view that investment in Capital Market can be increased by creating more awareness and educating the people.

The last session of the first day "Capital Markets: Regulation, Taxation & Growth" focused on how the government can help grow Capital Market through introducing better regulation, tax incentives that can actually lead to more investment in the Markets.

<https://epaper.brecorder.com/2018/03/14/2-page/704719-news.html>

CPEC: A CASE FOR GENDER MAINSTREAMING

The Express Tribune, March 16th, 2018.

The undisputable facts about CPEC, Pakistan's \$60 billion bi-lateral agreement is that it is growing at a rapid speed and will most certainly change the physical landscape and socio-economic environment of the entire country. CPEC seeks unprecedented focus firstly, on manufacturing — showing present constraints and future requirements; and secondly, demands for new jobs.

With regard to the labour market demands, it looks as if it is not Pakistanis that fulfilled the immediate job market demand in the highly specialised energy and infrastructure sector. Yet, there is no doubt that the long-term sustainability and success of CPEC relies on local knowledge and labour

force. In terms of the industrial zones, the first nine having been identified, there is room to plan and negotiate for local, both women and men, human resource as workers, entrepreneurs and specialists.

With long-term sustainability and the diversely identified industrial zones, Pakistan is presented with a perfect opportunity to address many serious pending issues that is holding us back economically and socially. This brings into light the issue of gender equality and women's empowerment, requiring an honest recognition of what is lacking and holding back women being integrated into the formal labour market. A meaningful analysis will question issues around women's own agency (or lack of), patriarchal and societal structures and (lack of) education as underlying barriers to progress. Yet examples from around the world leave us with unequivocal evidence — that formally recognising women as economic contributors and integrating women in conventional and non-conventional vocation have benefited not just women and their immediate families but significantly added to the collective economic growth and development of the whole country.

China is perhaps the best example to start with as a nation that has recognised that women citizens are equal agents of economic change. It has shown that gender mainstreaming and women's economic empowerment have remained on the agenda, even when faced with political or other instability. At one moment in time, pre-industrialised China stood where Pakistan stands today. Despite many differences, the similarities were glaringly obvious. In addition to the oppression of women under customary rules and deeply-rooted traditional views, China had a large population to deal with.

Similar to Pakistan, China also lacked educational and technical institutions and was short of the machinery and capital investment needed for sustained growth. However, the ruling elite did have an astute understanding of the most imperative ingredient for economic change — its people. At the core of the Chinese revolutionary doctrine it was clear that economic growth was not possible with just men. This called for a thorough restructuring of Chinese society as essential for economic growth.

This included the elimination of customs and institutions that oppress women — religious superstition, landholding systems, educational admission standards, job discrimination and family patterns. In fact, it was well understood that reform of the traditional family system, marriage and divorce, and addressing issues of child and forced marriages, women's confinement to the home and housework and suicide among women was imperative for real change to take place.

Recognising that real development lay in the maximum employment of its citizens, China's single most important policy goal has been its full employment policy. With regard to women, China has taken into account two things, firstly, that women need to join the workforce for economic growth and secondly, the policy has to address the dual burden — of home and work — faced by women, in order for real meaningful success of its policy.

This has meant using manpower policy and social policy, in mutually reinforcing and complimentary ways. In basic healthcare units, the Communist party in 1949 made impressive progress, starting with women workers who faced frequent pregnancies and high mortality rates in both mother and child. Lighter work during pregnancy and flexible working hours for mothers with young children, maternity leave and creating paramedical and midwife staff to attempt rural women access to healthcare were also adopted as the state policy. Similarly, the earliest policy area, where the Communist party has consistently focused has been childcare services for working mothers. Women wings of local trade unions were responsible for childcare services. The 1970s saw a particular emphasis through policy stances on bringing women out of traditional women's work.

Women activists or women community leaders, often semi or illiterate women in local areas, identified and recruited by the Communist party, were relied on to take the messages of policy and campaign stances to the people. In fact it was believed that government policy would never be enforced in China without the activist.

There is no doubt that the restructuring of Chinese society were never viewed in isolation from the existing political institutions and an intricate part of larger revolutionary goals. Critics rightly argue that these pro-women policies were put in place to aid production not necessarily to aid women. And present day China still sees discrimination and barriers against women where women are not viewed as the principal carriers of economic development. But it would be simplistic not to see the distance that women have come in China.

Keeping in view China's example, the ADB considers Pakistan to be having an opportune time with CPEC, which has the potential to help Pakistan move up from a lower income to a middle-income country. To realise this potential, among other factors, good initial planning must consider women and men benefit differently from the economic dividends. Therefore, it is important that Pakistan's policymakers acknowledge the difference to enable for better and more comprehensive plans.

Yet, gender mainstreaming is also Pakistan's biggest challenge, because misconstrued cultural practices and beliefs restrict women into traditional roles and add to the already dismal figures around girls' education, the lack of women's decision-making role in family planning, and women's economic and social dependency. Keeping in mind China's example, a good place to start would be for the planning commission and other relevant stakeholders to recognise the underlying causes and the need to address them.

The Principal Economist at the ADB, Mr Guntur Sugiyarto, believes that Pakistan needs to create evidence-based decision-making process to show not just the impact of mainstreaming women into economic development but also the impact on Pakistan's economy and social fabric of not including women in the development process. ILO requirements, which now also have EU's GSP backing, are also supportive of integrating women and provide frameworks that are good aids to start with.

Planning that takes everyone along and keeps in the forefront all Pakistanis is necessary when identifying opportunities that may be reaped from CPEC. Further, opening up about the details of CPEC will not only dispel insecurities and misunderstandings around it, but also allow everyone to be part of the planning process. The success of CPEC lies in Pakistanis being in the forefront to sustain it and ensure it succeeds. It would be flawed and simplistic to think that its sustainability and CPEC's long-term success can be realised without involving Pakistan's citizens, including women, directly. Taking women along, however, is not a revolutionary ask. International best practices and unambiguous evidence all point to the fact that gender mainstreaming is sensible, essential for real economic growth, sustainable development and of collective benefit to all.

<https://tribune.com.pk/story/1661147/6-cpec-case-gender-mainstreaming/>

‘CPEC REPRESENTS LONG OVERDUE, NEW ALIGNMENTS IN REGION’
Business Recorder, 16 March 2018

KARACHI: The 34th International Multi-Topic Symposium organized by the Institution of Electrical and Electronics Engineers Pakistan concluded here on Thursday with a panel discussion on “CPEC- How it is already affecting Pakistan’s Economy”. The panelists in the discussion included Mohammad Zubair Motiwala, Dr Kaiser Bengali, Engr Khalid Javed, Dr Huma Baqai, Dr Rana Abdul Jabbar Khan and Tahir Chowdhury.

The heated debate was witnessed during the panel discussion on pros and cons of CPEC but in the end everyone consented that in the changing political dimensions of the region opting CPEC was a must for Pakistan. Some of the speakers urged the people of Pakistan to face the challenges arising out of CPEC with steadfast resolution to make this venture a success.

Motiwala, taking part in the discussion, said that already affects of CPEC can be felt as toys made in Hong Kong that were selling as high as one thousand rupees in the local market can now be bought Chinese made for as little as just Rs90. Assumptions of failure of Gwadar to emerge as a modern city were also strongly refuted, and for the observation it was said the Gwadar city has a shortage of water; examples of the cities of Dubai and Sharjah were given, both the cities get very little rain but continue to flourish on desalinated water and the same is planned for Gwadar for which the work is in progress. The opposition of India to Gwadar port and city was also discussed as the reason for some negative propaganda against the city. Speakers expressed satisfaction that CPEC represents the new alignments in the region which were long overdue and should in fact have happened soon after 9/11.

The highlight of the concluding session was a “Life Time Achievement Award” conferred on Engr Khalid Iqbal. Amidst thunderous applause senior engineer Sibte Ahmed Jafri conferred the award on Engr Khalid Iqbal. Speaking on the occasion Engr Khalid said that he was thankful to all those who supported his nomination. He also thanked all his colleagues who supported his efforts throughout his career. He dedicated the award to all his mentors and gave a message to the audience to never ever give up in life but to continue even if you are convinced it is all over.

The session concluded with passing of resolutions which included the following. It is resolved that Pakistan Engineering Council should provide appropriate service structure to engineers such as already existing for doctors and bureaucrats.

The local manufacture of renewable energy equipment must be encouraged and supported by all possible means including suitable legislative cover

EEEEP together with Academia should provide a platform to generate opportunities for startups as entrepreneurs.

Institutions like IEEEEP should be involved in formulating electricity/energy policies by government agencies.

Energy conservation and efficiency should be given utmost importance. More seminars should be held by institutions like IEEEEP supported by stakeholders to create general awareness.

Universities should invest in proper tools to train engineering students in the field of energy planning and asset management

Bilateral cross border electricity trade should be planned and promoted rigorously by relevant government agencies.

<https://epaper.brecorder.com/2018/03/16/21-page/705260-news.html>

NEWS COVERAGE PERIOD FROM MARCH 4TH TO MARCH 11TH 2018
CHINA HAS NO RECORD OF CPEC WESTERN ROUTE, SENATOR CLAIMS
Business Recorder, 10 March 2018

ISLAMABAD: The government on Friday was accused of concealing facts about the western route of the China Pakistan Economic Corridor (CPEC). The allegations came to the Senate from none other than government's own ally Pakhtunkhwa Milli Awami Party (PkMAP) Senator Usman Khan Kakar who alleged that people of Balochistan had been constantly ditched for the last three years through government's claims that top priority was being accorded to the western route of China-Pakistan Economic Corridor (CPEC).

On the last day of the last session of the Senate's parliamentary year, PKMAP Parliamentary leader in Senate Kakar said they learnt during their visit to China, which was arranged by the Chinese embassy, that there exists no official record of western route in the friendly country.

"There is not even 5 percent mention of the portion of this route in Khyber Pakhtunkhwa, Balochistan and FATA. The government for the last three years has been deceiving us on the western route," he asserted.

He lauded the role of Senator Taj Haider, the convener of the special committee on CPEC, for working tremendously on the matter and taking up with the authorities with a strong voice. He said the committee presented five reports, whereas the Parliamentary Committee on CPEC, having representation from both houses of the Parliament, could not present a single report thereon.

Senator Taj Haider said that during their stay in China, the committee members tried their utmost to sensitize the hosts about the critical importance of the western route. He added they distributed related documents among all and sundry.

PML-Functional's Senator Syed Muzafar Hussain Shah tabled a report of the Senate Standing Committee on National Food Security and Research on the subject matter of calling attention notice moved by himself regarding the price of sugarcane and the question of subsidy between the federal government and provinces.

Speaking on the occasion, he cautioned that it is being speculated that sugarcane growers might not cultivate this crop this year for they are not paid the minimum support price fixed by the government.

The committee expressed its deepest sense of concern and disappointment that the sugarcane growers are not being paid the minimum support price and it is also a matter of deep regret that the price laid down by the Sindh High Court was also not being implemented by the provincial governments.

The committee in its report recommended to the federal and provincial governments to evolve a mechanism that could ensure a fair and reasonable price to growers.

The report said the rebate, given with regards to export of sugar, would only benefit the sugar mills; therefore, this amount should have been allocated and utilized for inputs for sugarcane crop so that the cost of production could be reduced.

Senator Muzafar Shah also presented the final report of the Senate special committee on the performance of PIA and said that they had visited Karachi and interacted with the officers and even former chairmen of the airlines. If implemented, the report would help resolve most of the state-owned entity's issues, he added. He particularly praised Senators Farhatullah Babar and Abdul Qayyum for their input in this connection.

The Senate Committee on Privatization and Statistics recommended that the Statistics Division in collaboration with the Council of Common Interests should ensure to re-assess at least 2 per cent of the 168,943 census blocks across Pakistan in order to ensure the credibility of the 6th population census.

<https://epaper.brecorder.com/2018/03/10/1-page/703979-news.html>

CPEC ON THE GO

Business Recorder, 10 March 2018

Farhat Ali

Overcoming all global or regional obstructions, the China Pakistan Economic Corridor (CPEC) sends a strong message across: the CPEC is on the go!

In an encouraging development on the home front, all provinces have embraced the reality that the CPEC is there to stay. Hence the need for extracting maximum benefits from this historic development project.

One Belt One Road is the signature project of China and the CPEC is the vital part of it which will shape up China's strategic economic, political and defense interests in one of the most strategic locations.

Pakistan is bracketed with China in these strategic interests. The show has started from Gwadar with the flags of China and Pakistan fluttering side by side in high waters of the Arabian Sea.

The first-ever container vessel—MS TIGER—arrived at Gwadar port under China Pakistan Economic Corridor (CPEC) last week. Pakistan Navy's PNS Dehshat and Karar escorted MS Tiger to the Gwadar Port.

This new Ship Container Service namely Karachi Gwadar Gulf Express will connect Gwadar Port with the Middle East hub of UAE's Jebel Ali as well as the neighbouring ports of Abu Dhabi and Sharjah. After embarkation of more container of frozen sea food from Gwadar Port, the ship proceeded to Jebel Ali Port.

An impressive ceremony was held at port on arrival of MS Tiger. The reception ceremony was attended by Commander Coast of Pakistan Navy, Rear Admiral Moazzam Ilyas. Pakistan Navy has raised Taskforce 88 to undertake defence of Gwadar Port and its surrounding areas. This Taskforce is

providing defence to Gwadar Port from seaward approaches and merchant vessels visiting the Port through deployment of Pakistan Navy's assets.

While China is on a fast track to maximize the benefits of the CPEC, Pakistan is limping. At Gwadar, China has been awarded by Pakistan a 40 years lease to Build, Own, Operate and Transfer (BOOT) an enclave comprising the port, container terminal and an economic zone, while, the road and infrastructure from Gwadar to China is being jointly developed by Pakistan and China under the surveillance of Pakistan army.

This strategic part of the CPEC, much under the influence of China, is proceeding ahead well and China appears to be determined to maximize benefits out of it.

Pakistan's role under the CPEC is the development of its energy sector and infrastructure for which a loan of around \$ 60 billion has been dedicated through the Eximp Bank of China.

It is the Pakistan part of the CPEC which is struggling and is a victim of poor governance and incompetence. Apart from some power plants and infrastructure projects being positioned on ground, largely in Punjab, there is no other significant development.

Special Economic Zones (SEZs), planned to be set up all over the country to spur economic activities, are struggling to kick-start in the absence of defined incentives and policies, investor facilitation mechanisms and structures, high cost of doing business and other grey areas which need to be seriously addressed in order to woo investors.

SEZs, for Pakistan, are the most important part of the CPEC to create new job opportunities and generate revenues.

Pakistan has economic issues. The International Monetary Fund (IMF) has expressed concern over grave threats to country's economic outlook. The IMF Executive Board on March 5 concluded the first post-programme monitoring discussions with Pakistan.

“Against the background of rising external and fiscal financing needs and declining reserves, risks to Pakistan's medium-term capacity to repay the Fund have increased since completion of the Extended Fund Facility (EFF) arrangement in September 2016,” it maintained in the statement. Pakistan's near-term outlook for economic growth is broadly favorable. Real GDP is expected to grow by 5.6 percent in fiscal year 2017-18, supported by improved power supply, investment related to the China-Pakistan Economic Corridor (CPEC), strong consumption growth, and ongoing recovery in agriculture. Inflation has remained contained, the statement added.

However, continued erosion of macroeconomic resilience could put this outlook at risk. Following significant fiscal slippages last year, the fiscal deficit is expected at 5.5 percent of GDP this year, with risks towards a higher deficit ahead of upcoming general elections. Surging imports have led to a widening current account deficit and a significant decline in international reserves despite higher external financing. The fiscal year 2017-18 current account deficit could reach 4.8 percent of GDP, with gross international reserves further declining in a context of limited exchange rate flexibility.

The IMF has projected that Pakistan's gross reserves could slip to \$12.1 billion. The budget deficit is expected to widen to 5.5 percent of GDP in 2017-18.

The IMF has estimated that Pakistan's overall debt-to-GDP ratio would remain at 69.7%. According to the statement, directors took note of Pakistan's favorable growth momentum, but noted with concern the weakening of the macroeconomic situation, including a widening of external and fiscal imbalances, a decline in foreign exchange reserves, and increased risks to Pakistan's economic and financial outlook and Directors noted external sector pressures are in part linked to the fiscal deterioration during the last fiscal year and an accommodative monetary policy stance, as well as the high imports related to the China Pakistan Economic Corridor projects.

It has now become inevitable that the project loans are converted into revenue for loan payback. This process is extremely inappropriate.

One repeatedly hears from the government functionaries and opinion makers that the CPEC is a game changer for Pakistan. It indeed is, but what are we doing in this regard? If we benchmark the performance of both the countries against the CPEC criteria at a scale of 10, China probably stands at 7, while Pakistan at 2. Pakistan needs to catch up and catch up fast.

(The writer is former President of Overseas Investors Chamber of Commerce and Industry)

<https://epaper.brecorder.com/2018/03/10/21-page/704136-news.html>

PC OWNERS TO BUILD NEW HOTEL CHAIN ALONG CPEC ROUTE

The Express Tribune, March 11th, 2018

The Hashoo Group, Pakistan's biggest hospitality brand, is looking to launch another hotel chain called 'Hotel Two' across Pakistan to upgrade the group's profile, said a high-ranking official.

The group currently owns and operates several hotel chains across Pakistan including its flagship Pearl Continental (PC). 'Hotel One' comes under its parent company Pakistan Services Limited while the group is also operating Marriot hotels in Pakistan.

Since the group has already covered all first-tier cities through its five-star hotel chains, the management is now focusing on second-tier cities and other far-flung areas, which have tourist attractions like the northern areas including Gilgit, Hunza and Skardu.

Its single-star chain, Hotel One, has almost 40 sites with most of them being in second-tier cities.

However for Hotel Two, the management is looking for properties along the China-Pakistan Economic Corridor (CPEC) route as it believes that the route will bring significant business for them.

"We have bought some properties along CPEC route in Punjab and are also looking at expanding our range to other provinces," said PC General Manager Zulfiqar Ahmed Malik in an interview with The Express Tribune.

He said despite political uncertainty and a still less-than-ideal security situation, the company would keep on investing in existing and new ventures.

“We have started businesses in those places where investors were hesitant to go initially like Gwadar, Muzaffarabad, etc. However, we continue to invest and are about to open hotels in Malam Jabba, Multan, Mirpur and Hyderabad,” he said.

The Hotel One brand would also continue to expand wherever feasible along with Hotel Two which would provide some added features and fall in the two-star category, Malik added.

Interestingly for northern areas, the management has some other plans as far as typical construction is concerned, which takes years.

“In some areas of the north, we will not go for typical construction and may bring in fabricated stuff from China and pull that together which will help us in opening the property rapidly,” Malik said.

The group has raised Rs9 billion recently through Sukuk (Islamic bonds). Malik said the money raised would be used to expand the Hashoo Group’s hotel base in all categories throughout Pakistan.

“We have raised Rs9 billion recently which will be spent on introducing the new hotel category and expansion and renovation of current sites,” he said, adding that successful fund-raising showed the trust placed by banks and financial institutions in the group’s business practices.

Talking about the overall hospitality sector of Pakistan, Malik said the law and order situation had improved significantly. “However, promoting tourism through increased infrastructure development is necessary for the industry to flourish,” he stated.

“Hospitality runs on tourism. Egypt is earning billions of dollars annually only through its pyramids. In Pakistan, we have a huge variety of tourist sites ranging from religious sites to coastal areas, adventure tourism in the Himalayas to desert safaris. It is only a matter of promoting the country’s good image around the globe by the government,” Malik said.

Talking about challenges, he said developing human resources in the sector was the biggest challenge that they were facing.

“There is no government or other private hospitality training institute in Pakistan which can help in training the staff. What we have achieved today is due to our own efforts and training,” Malik said.

<https://tribune.com.pk/story/1656667/2-pc-owners-build-new-hotel-chain-along-cpec-route/>

April 2018

NEWS COVERAGE PERIOD FROM APRIL 23 RD TO APRIL 29TH 2018

TWO-DAY EVENT ABOUT CPEC OBJECTIVES OPENS TODAY

Dawn, April 23rd, 2018

KARACHI: The Dawn Media Group, in collaboration with the Ministry of Planning and Development, will host The CPEC Summit at Karachi's Bagh-i-Jinnah on Monday and Tuesday (April 23 & 24).

It's one of the biggest events to be held in the country on the China-Pakistan Economic Corridor aimed at educating the public about the objectives of CPEC and its umbrella project, the Belt and Road Initiative.

Prime Minister Shahid Khaqan Abbasi will be the chief guest on the opening day. Other prominent guests include Sindh Chief Minister Murad Ali Shah, federal Planning Minister Ahsan Iqbal and Chinese Ambassador Yao Jing.

A symposium, "The dynamics of economy and finance", will precede the inauguration ceremony. The discussion will feature, among others, former State Bank governor Ishrat Husain and former finance ministers Shaukat Tarin and Abdul Hafeez Shaikh.

The highlight of the second day will be a session titled "The view from China". Mr Yao is slated to be the main speaker.

<https://www.dawn.com/news/1403312>

PM HAILS CPEC AS SPRINGBOARD FOR DEVELOPMENT

Dawn, April 24th, 2018

KARACHI: Prime Minister Shahid Khaqan Abbasi has said that with the China-Pakistan Economic Corridor (CPEC) the time-tested ties and relationship between China and Pakistan have attained new heights that will evolve and grow for the betterment of the region and beyond.

Speaking at the CPEC Summit 2018 organised by the Dawn Media Group and the Ministry of Planning and Development with the participation of the Pakistan-China Joint Chamber of Commerce and Industry at Bagh-i-Jinnah here on Monday, the prime minister said that just three years ago the CPEC had been an unknown word, but today it was known not only in Pakistan but all over the world.

He said that the Belt and Road Initiative (BRI) — the vision of Chinese President Xi Jinping — was the real push behind the cooperation mechanism of which the CPEC was an integral part today.

"It connects Western China with Pakistan and the sea as trade routes are developed not only within Pakistan but also Afghanistan, Central Asia and the West. So today, Afghanistan also recognises the benefits of CPEC. It is an opportunity for all the people living in this region," the prime minister said.

Ahsan Iqbal says CPEC is not a debt trap, it is a partnership

"It is not just a partnership between two countries. It provides Pakistan with platform for development. Since President Xi Jinping has signed the agreement, CPEC is becoming a reality. Transmission lines are being laid. Highways, motorways and road networks are being developed as are railways. The special economic zones to build businesses and increase trade will be the fruits of CPEC," he said, adding that several projects under the CPEC, including Thar coal, were already coming on line.

The prime minister said that principles of the CPEC had been designed keeping in view economic viability and environmental sustainability.

“The future programmes of CPEC would basically adhere to the vision of President Xi Jinping and the shared benefits and betterment of both countries,” he concluded.

Earlier, Minister for Interior and Planning and Development Ahsan Iqbal said it was important to adopt new dynamics for the uplift of the country’s economy.

“Today in this fast moving world, economies are defining the future of nations. Asia is becoming the new engine of growth in the world economy. It is estimated that by 2050 Asia will contribute 52 per cent to world GDP. South Asia, China and Central Asia where three billion people live are the new engines of growth. Pakistan has a great opportunity by being located at the intersection of these three engines of growth,” he said.

“If we can create economic corridors in this region, Pakistan can become a hub of trade, commerce and manufacturing for global supply chains to this part of the world,” he explained.

Mr Iqbal said they started the CPEC journey in 2013 when the Chinese premier visited Pakistan, met then prime minister Nawaz Sharif and discussed the idea of starting this new journey with Pakistan.

“The memorandum of understanding we signed on our visit to Beijing on July 5, 2013 was then only an intention on a piece of paper. But within a couple of years that piece of paper became the portfolio of 42 billion dollars of which 29 billion dollars have already been utilised on the Belt and Road Initiative of China,” he said.

Taking about the issue of people’s reservations over the CPEC project, the minister said it would bring opportunities for Pakistan and all players of the region. He said the CPEC was not a dept trap but a partnership. “It is all investment. There are no loans. There should be nothing to fear by Pakistan’s businesses and there are 85 million jobs created too,” he cleared.

On the occasion, Chinese Ambassador to Pakistan Yao Jing said they were looking at a new model of cooperation with Pakistan based on openness, inclusiveness and exclusiveness. “China wants to see our relationship with Pakistan as a pillar, as a new era. CPEC is a very significant project not just for China and Pakistan but the entire world,” he said.

“For further development and cooperation, we are looking at all our neighbours and partners of which Pakistan is the most important. CPEC is a new model of partnership showing how we can deliver for the development of the whole Pakistani nation.

“There is the development of Gwadar Port in Balochistan, development of roads and highways and energy, too. CPEC demonstrates the devotion of both countries and regular connectivity of both nations,” he said.

Sindh Chief Minister Murad Ali Shah said his government was fully geared up to derive maximum benefits out of the CPEC for people because it was not merely a road construction project but multi-sector development process which would transform the economic landscape of Pakistan.

He said the Sindh government was also focusing on removal of energy and infrastructure bottlenecks and, in collaboration with international agencies and other stakeholders, had finalised a comprehensive sector-wise development plan that encompassed both CPEC and non-CPEC initiatives for short-, mid- and long-term goals. “This plan lays special emphasis on energy and infrastructure.”

China’s Ambassador to Pakistan Yao Jing addresses the CPEC Summit on Monday.—White Star

Mr Shah said Sindh currently contributed 935MW of wind energy to the national grid from Jhimpir-Gharo-Keti Bandar wind corridor, while wind power projects of 300MW would be completed by October.

He said the CPEC offered innumerable opportunities for Sindh as its three major cities — Sukkur, Hyderabad and Karachi — had been declared key cities of the corridor. He said letters of intent had been issued to 35 companies for generation of 2,545MW of electricity. Besides Thar coal mining, two more such projects were in the pipeline, he added.

The chief minister said his government had put special efforts to make the \$2bn Karachi Circular Railway project a part of the CPEC.

Punjab Chief Minister Shahbaz Sharif stressed that the CPEC was not about provinces; it’s about Pakistan’s needs.

“When they visited China under the leadership of Nawaz Sharif soon after the 2013 elections it was to somehow secure energy projects which Pakistan badly needed. Power outages here were badly hurting our industry and progress so wherever we went to China, we talked about energy,” he said, adding that they were heard by Chinese President Xi Jinping which was the starting point of the CPEC.

“Delegations visited here and we visited them. China wanted to know our appetite and resolve. They don’t have natural resources. Their resource is their hard-earned money. And their president had this vision of the Belt and Road Initiative, which resulted in CPEC,” he shared.

“Even though I am a great believer of China’s development models, I didn’t know then that the agreements signed in April 2015 will be put into action by May 2015. That’s how the Sahiwal coal power project came about along with solar power projects and so on and so forth. We didn’t know that the Chinese would go beyond energy and power but then there was the Gwadar project and CPEC.

“Some say that with CPEC Pakistan will become a colony of China or China will be like the East India Company. Those who say such things are enemies of Pakistan,” said the Punjab CM.

“It is not about domination. It is about development. It is about reaching out to the people and helping them stand on their own feet through wonderful economic progress,” he said, reminding how the CPEC would be a game changer for Pakistan.

“Pakistan has a huge youth bulge that can benefit from the opportunities coming this way thanks to CPEC. If not given any opportunities our youth will be pushed into a bloody revolution. So let’s

convert this society into a modern society, which is full of energy. CPEC is an opportunity for Pakistan and the Islamic world to lead from Casablanca to Kuala Lumpur,” he said.

Khyber Pakhtunkhwa Minister for Communications Akbar Ayub said that KP’s policy reforms provided a sound foundation for CPEC projects, which have seen an increase in business activity with many business opportunities coming up.

“New and specialised institutes such as the KP Oil and Gas Company, KP IT Board, etc, provide one-window facilitation to foreigners. So there is an investment interest from a variety of companies in Asia for KP, and this is just the beginning,” he added.

Federal Minister for Maritime Affairs Mir Hasil Khan Bizenjo said the CPEC would turn out to be a bright future for Pakistan and Balochistan. He said people didn’t know what was the CPEC about as such they harboured reservations, but such conferences would contribute in dispelling their apprehensions.

Mr Bizenjo made it clear that he was not representing the Balochistan government but came here to express reservations of people about the CPEC. He said the CPEC originated due to Gwadar port and coastal area with second biggest naval port. He said that 43 per cent of Balochistan was full of minerals with second largest deposit of coppers and vast deposits of marble, green onyx, iron ore and gold.

“We are very initial stage of development, but this conference has given answers to many reservations of people,” he added.

Recalling his visit to Iran on the occasion of opening of Chabahar port, Mr Bizenjo said Iran wanted to have a link road between Chabahar and Gwadar and to upgrade Quetta-Zahidan road. He said the project would subsequently contribute to the development of the area.

Mushahid Hussain Syed, chairman of Pakistan-China Institute, said that out of the 43 CPEC projects in Punjab, 22 were on track, 21 had feasibility studies under way and \$18.8bn had already been invested in infrastructure. About 19,581 Chinese experts were working on CPEC projects and 20,000 in non-CPEC projects as 25,000 Pakistanis were learning the Chinese language in Chinese universities, he added.

<https://www.dawn.com/news/1403520>

CAUTION AND OPTIMISM AT CPEC CONFERENCE

Dawn, April 24th, 2018

KARACHI: Federal Commerce Secretary Mohammad Younus Dagha said free trade agreements (FTAs) are the main reason behind surging trade deficits of the country and after various projects under CPEC the trade balance has substantially tilted in favour of China due to massive increase in imports.

“If imports are growing under capital goods then this is not a serious concern,” he said while addressing the two-day CPEC Summit, organised by Dawn Media Group in collaboration with

Ministry of Planning, Development and Reform and Pakistan-China Joint Chamber of Commerce and Industry.

He said there is a need to resolve the issues which are responsible in ballooning trade deficit under FTAs. Till 2014, the country's trade deficit was on lower side but it started crawling up after CPEC, he added.

Dagha said CPEC should help improve the country's balance of payments and also reduce the trade deficit with China.

“Loan repayments will increase our balance of payments deficit with China, however, we can persuade Beijing to set up industries in Pakistan instead of other countries which would help bridge the gap,” he added.

There are many areas where Pakistan can attract Chinese investment, especially labour-intensive industries, he said, adding that investments in trade should be at high priority instead of brick and mortar investments.

China Harbour Engineering Company Chief Executive Wang Xioping said there is a need to upgrade technology in the industries of Pakistan besides changing business models towards latest communication technology.

He said Pakistani industries need to focus to improve their exports to China.

On number of challenges, he said security in Pakistan is vital for foreign investment coupled with friendly business environment as the country had been in negative list among foreign investors.

Expressing concern over lack of continuity of political leadership, he said any change in political set up sometimes create hurdles for agreements entered into with the outgoing government.

Wang said election's in Pakistan take place after every five years and no prime minister had completed his five year tenure which is quite risky for the foreign investors.

He said taxation rates in Pakistan are also high which is also not suitable for investors as it raises the capital cost. He added there is a need for improving the taxation system, but did not offer pointers on how to go about this.

Board of Investment Secretary Samaira Nazir Siddiqui while addressing some of the myths regarding CPEC said that there are no preferential or additional benefits being provided to Chinese investors and not only investors from Pakistan and China but all over the world have same policies applicable to them and enjoy same incentives.

She said that nine sites have been selected for special economic zones (SEZ) and three of them are near completion.

Experts at the summit have also called for setting up a CPEC Advisory Council to clarify vision and policies and advise on how Pakistan can take maximum benefits from the project.

Dr Ishrat Husain, former governor State Bank of Pakistan, said that largest component of CPEC investment ie \$35bn has been reserved for energy projects focused on fuel substitution to coal, LNG, solar and wind power.

“Power generation capacity will be doubled over the years while transmission capacity will increase from Matiari to Lahore and Matiari to Faisalabad transmission lines,” he said.

Enhancement in energy generation is good for exports which have been \$36bn only as energy shortage is a major impediment, he said.

He said circular debt issue should be resolved on priority and is directly proportional to power generation and will give headaches when power generation increases if not countered by improving the performance of distribution companies to increase recovery.

Dr Ishrat said not only local but Chinese investors are also frustrated due to cumbersome approval processes and lack of departmental coordination which are not working in unison hence delaying the projects. The government must remove obstacles and simplify the processes not only to attract investments but to keep them focused on implementing their plans then to get mere paperwork done, he added.

Dr Ishrat said many local companies are worried that Chinese companies are being given preference over their Pakistani counterparts for industrial zones. “Their concerns should be addressed and a level playing field to Chinese and Pakistani investors should be provided,” he added.

Shaukat Tarin, chairman National Council of Economic Advisers, said Chinese universities should be encouraged to open campuses in Special Economic Zones that would help us train our youth on latest curriculum and technologies.

He said Pakistan must benefit from Chinese expertise in technological advancements like Artificial Intelligence, Robotics, and Big Data to ensure Pakistan does not fall behind as these are the technologies of the future.

Tarin said a Chinese bank in Gwadar should be opened to facilitate not only the Chinese companies but local companies also which are undertaking business activities in China.

Companies in Pakistan have a long-standing concern about infrastructure and security needed for industries to operate and thrive and the CPEC planners should address that, he suggested.

Dr Abdul Hafeez Sheikh, former federal finance minister, said that CPEC should be considered as a transformational exercise not just a mere transaction and should strengthen Pak-China relations which is possible only if it is implemented in the right way.

However, he warned that CPEC should not be taken as a substitute to sound economic management which is imperative for Pakistan. Moreover, Pakistan should not be entirely dependent on China if transformation is to happen, and use CPEC to lure in other countries also as hundreds of billions of US dollars are available beside the \$50bn CPEC investments and the opportunities should be tapped strategically.

China's per capita income now has increased to \$9,000, from less than \$300 four decades back whereas Pakistan could boost its per capita income to just \$1,600 from \$400.

Average annual GDP growth rate of China over last 40 years is almost 10pc which has not been achieved by any country. This was possible because China focused on leadership and team building, while also changing their policies to trade with every country, he added.

Pakistan on the other hand was mostly disturbed by war and conflicts in the region like Afghan war and the continuing war on terror which has hampered the country's growth. Moreover, Pakistan does not like business with anybody and hardly any country likes to partner Pakistan. "Changes in government over the years have also led to change in policies thus hurting the country and investors' confidence, Hafeez said.

<https://www.dawn.com/news/1403549>

CPEC PROVIDES BASE FOR ECONOMIC GROWTH: ZUBAIR

Dawn, April 25th, 2018

KARACHI: Sindh Governor Muhammad Zubair has said that the China-Pakistan Economic Corridor has provided a great opportunity for sustainable economic growth for the next 10 to 20 years which Pakistan badly needed.

Addressing the concluding ceremony of the two-day CPEC Summit 2018 organised by the Dawn Media Group and the Ministry of Planning and Development with the participation of the Pakistan-China Joint Chamber of Commerce and Industry at Bagh-i-Jinnah here on Tuesday, the governor said the CPEC would lay a network of infrastructure development with social and economic progress in the country sans the cost of economic relations with America or Europe.

He said the next government would have to take effective steps to ensure smooth management and strategically address all challenges like e-transaction and debt payment and to minimise the risk of going forward.

The governor said it was heartening that national cohesion was depicted by the representation of all provinces and different sectors at the CPEC Summit which had shed light not only on benefits of the corridor but also challenges it might pose and suggested solutions.

Leader of the Opposition in the Senate Sherry Rehman termed the CPEC biggest opportunity coming in decades. She claimed that the groundwork for it had been provided by the last PPP government and then president Asif Ali Zardari by initiating the Gwadar port project because without Gwadar there was no CPEC.

She said that as the first ship docked at the Gwadar port in March 2018 the CPEC started creating impact in all provinces and it was probably among the few things about which whole Pakistan shared same sentiments despite internal differences and wanted the project to succeed for Pakistan's prosperity.

Ms Rehman stressed the need for focusing on three areas — economy, environment and security — to bring quantum prosperity to Pakistan.

“The CPEC at this early stage has already created 60,000 jobs and we need to train more Pakistanis for millions of jobs to be created. This could become new engine for development and prosperity not for the two countries [Pakistan and China] but turning South Asia into the wealthiest region,” she added.

Pakistan-China Institute Chairman Mushahid Hussain Syed said the balance of economic and political power was shifting from the West to the East with the peaceful rise of China transitioning from regional power to global power and getting on central stage geopolitically which was perceived as a source of strength and stability for Southwest and Central Asia in particular and Asia as a whole.

Chinese Consul General Wang Yu said the CPEC was peaceful cooperation, co-existence and regional connectivity, adding that China’s policy after 40 years of opening up had deeply motivated economic and social progress making the country the second world largest economy and with second largest foreign reserves whose GDP growth was 6.8 per cent this year while trade surplus decreased by 20pc. He said China had combined its social system with market economy and showed the way for other countries to develop themselves, adding that China wanted Pakistan to develop together with it.

CPEC project director Hassan Daud said all recommendations and papers read out at the summit would be taken seriously by the government.

Dawn CEO Hameed Haroon, in his vote of thanks, recalled the history of China and paid tribute to its leadership — Mao Zedong and Deng Xiaoping — whose visionary leadership and strong ideology led China to the stature where it is today with sheer hard work.

Without hard work, he said, “we would not be able to transform Pakistan into a developed and prosperous country”.

<https://www.dawn.com/news/1403746/cpec-provides-base-for-economic-growth-zubair>

CPEC DOMINATES TRANSPORT SECTOR

Dawn, April 27th, 2018

Kalbe Ali

ISLAMABAD: The ‘transport and communication’ (T&C) sector remained heavily influenced by projects related to China Pakistan Economic Corridor (CPEC) during the outgoing fiscal year with focus not only on building roads and improving the rail network but also on establishing new communication lines.

Amongst the new initiatives in the sector includes the implementation of 820km-long cross-border fibre optic project (Khunjerab-Rawalpindi) whose completion is expected in August 2018.

Transport and communication sector has been considered as a driving force for overall economic and social development of the country in the Economic Survey 2017-18.

The survey stated that CPEC is also going to build up an efficient transport and communication system which will not only have a positive influence on mobility of products, trade stimulation,

extension of markets, increase in employment, but will also support spread of education as well increase social welfare and help in stability of prices.

Through CPEC, Pakistan is harnessing its geo-strategic location into a geo-economic advantage.

“It is a massive bilateral programme to improve soft as well as hard infrastructure within Pakistan for better trade with China and transform the country’s economy through modernisation of transport and energy,” the survey added.

In addition to the road projects, the two countries have agreed to establish a dry port at Havelian in Hazara district of Khyber Pakhtunkhwa.

Besides rail and road, CPEC focuses on urban development with projects like Greater Peshawar Region Mass Transit, Karachi Circular Railway, Orange Line Lahore and Quetta Mass Transit.

It has been highlighted that National Highway Authority has a network of 39 national highways, motorways, expressway and strategic roads, with a network of 12,131 km.

Amongst other initiatives in this sector, revitalisation of railways holds a top priority. During July-December 2017-18, gross earnings of railways improved by 26.7 per cent, number of passengers carried by 4.7pc, freight handled by 55.8pc over the corresponding period of last year.

The survey notes that the revenues from telecom sector reached Rs235.5 billion during the first two quarters of the outgoing fiscal year. Telecom operators have invested a noteworthy amount of \$322.9 million during this period.

During the first two quarters of FY18, the sector contributed Rs78.62bn to the national exchequer in terms of taxes, regulatory fees, initial and annual license fees, activation tax and other charges.

In July-December FY18, Pakistan National Shipping Corporation earned profit before tax of Rs902m while Karachi Port Trust showed an increase of 5.1pc in goods handling with the breakup of export and import growth at 14.9pc and 1.6pc, respectively.

Meanwhile, Port Qasim handled a total volume of 21.36m tonnes during the first half of 2017-18, higher by 24.5pc over same period of last year.

<https://www.dawn.com/news/1404159/cpec-dominates-transport-sector>

INFRASTRUCTURE, YOUTH PLANS AND ENERGY TO BE IN PSDP FOCUS

Dawn, April 28th, 2018

ISLAMABAD: The government on Friday unveiled the highest-ever Public Sector Development Programme (PSDP) of Rs2.04 trillion for the next financial year with major emphasis on infrastructure, energy, railways, water, youth initiatives and the Federally Administered Tribal Areas (Fata).

Out of the total allocation, Rs1.03tr is the federal PSDP, while Rs1.01tr has been earmarked for the provinces.

About 62pc of the PSDP is proposed to be spent on infrastructure, including projects under the China-Pakistan Economic Corridor (CPEC). The PSDP includes Rs100 billion in block allocations. The programme will be funded through foreign loans worth Rs330bn.

According to the government, priority will be given to Sustainable Development Goals (SDGs), Long Term Plan of the CPEC and Vision 2025 goals, sustained indigenous and inclusive growth, water, energy and food security, private sector-led growth, developing competitive knowledge economy and modernisation of transport infrastructure and greater regional connectivity.

Adequate funding has been planned for structural transformation of agriculture, mining and other important sectors.

Focus has been given on youth sports promotion to help regain the country's pride and promote healthy competition. Therefore, Rs10bn has been earmarked for the Prime Minister Youth Initiative. An amount of Rs45bn each has been allocated for relief and rehabilitation of IDPs and security enhancement and Rs5bn for gas infrastructure development.

The total PSDP, including special areas (AJK, Gilgit-Baltistan and Fata), is Rs930bn.

The Planning Commission has indicated Rs100bn for public private partnership by the National Highway Authority (NHA) that will not be part of budget expenditure.

Thirty-one projects for development of Gwadar are part of the PSDP with an estimated cost of Rs137bn. Another Rs65bn has been earmarked for the water sector, including Rs23bn for Diamer-Bhasha dam.

A major portion of the next year development programme or about 63pc will be for ongoing projects, while ministries and divisions and agencies will be required to process their PC-1s of un-approved projects for approval by Aug 31, 2018 for efficient use of allocated funds. The total number of projects in 2018-19 will be 1,235, including 726 ongoing and 509 new schemes.

The infrastructure sector has been allotted Rs575bn or 62pc of the proposed budget, the social sector has been given Rs135bn or 14pc, science and technology has got Rs12bn or 1pc. Special areas have received Rs72bn or 8pc of the proposed PSDP.

The NHA will get Rs310bn as against Rs319bn in the outgoing fiscal year. Railways will receive Rs39.4bn as against Rs43bn of the outgoing budget.

The energy sector, mainly the National Transmission and Dispatch Company and Pakistan Electric Power Company, has been allotted Rs36.2bn as against outgoing fiscal year's Rs61bn.

An amount of Rs105bn has been proposed for the finance ministry-administered PSDP. This includes Rs90bn for security enhancement and relief for temporarily displaced persons affected by the Operation Zarb-i-Azb. The nature of this spending falls under the current expenditures, but the government has clubbed it with development, which has diverted significant portion of the budget to non-development activities.

The Ministry of National Health Services, Regulations and Coordination has got Rs25bn as against Rs48.7bn of the outgoing year. The Kashmir Affairs and Gilgit-Baltistan Division got Rs51.2bn as against Rs43.6bn in the outgoing fiscal year.

The development budget of Higher Education Commission has been enhanced to Rs46.7bn from Rs35.7bn of last year.

An amount of Rs5bn has been allocated for PM's Global SDGs as against Rs30bn in the outgoing fiscal year.

The Interior Division has been given Rs24.2bn as against Rs15.7bn. The Pakistan Atomic Energy Commission has got Rs30.4bn as against Rs15bn. The Ministry of States and Frontier Regions received Rs28.2bn as against Rs26.9bn in the outgoing fiscal year.

<https://www.dawn.com/news/1404335>

NEWS COVERAGE PERIOD FROM APRIL 16TH TO APRIL 22ND 2018

ECP BAN ON NEW UPLIFT PROJECTS 'TO HIT CPEC VENTURES'

Dawn, April 16th, 2018

Amjad Mahmood

LAHORE: The Election Commission of Pakistan (ECP) ban on initiating new development projects is going to hit ventures planned under the China-Pakistan Economic Corridor (CPEC) and the resultant delay will add billions of rupees to their execution cost, cautions the government.

The ruling PML-N is approaching the top election watchdog for clarifying the situation and getting the restrictions relaxed in case of CPEC projects.

"The ECP ban will also hurt the CPEC projects going on for the last four years and will increase their cost by billions of rupees," PM's special advisor on legal initiatives Barrister Zafarullah said.

Alleging victimisation of one party (PML-N) prior to the polls, he told at a seminar on Pre-requisites of Timely and Transparent 2018 Elections late on Saturday that for the first time an official notification [by the ECP] said that attempts of pre-poll rigging were underway so it had to slap a ban on recruitment and execution of new development projects.

Federal Minister for Planning and Development Ahsan Iqbal told Dawn by phone on Sunday that his ministry was writing to the ECP, seeking a clarification regarding the restriction and the CPEC projects. The ministry, he said, would try to convey the election authority about the financial losses the ban could lead to as far as foreign investment was concerned.

Meanwhile, the sitting chaired by former governor Shahid Hamid called for efforts to hold the coming general elections in accordance with provisions of the Constitution and in a peaceful atmosphere.

He said all political parties were against putting a ceiling on election expenses. He also claimed that all parties, including the PTI and the PPP, had agreed on the qualification of a party head that had

recently been passed by the parliament [later quashed by the Supreme Court], but the opposition parties changed their stance after the Panama Papers case.

Shahid Hamid talked of lack of trust among state institutions and termed it the biggest issue in the current circumstances.

He warned that no one would accept election results if the situation persisted and called for promoting the culture of tolerance before the polls.

PML-N leader Muhammad Mehdi said the democratic project set-up progressed during the last decade but in terms of elections the situation seemed to be leading towards what the masses had witnessed in 2002 when controlled democracy was introduced.

He said the apex court had lauded the electoral exercises of 2008 and 2013, but alleged that efforts were afoot to reintroduce “controlled” democracy. He warned that the country would be unlucky if transparent and fair election process could not be ensured.

ANP’s Ehsan Wyne said democratic culture could not be promoted by barring the head of a political party from taking part in elections.

PTI’s Ijaz Chaudhry said how transparent elections could be ensured when even SHOs were appointed after interviews at Jati Umra, the residence of former prime minister Nawaz Sharif.

Punjab University Vice-chancellor Dr Zikriya Zakir, Punjab Higher Education Chairman Dr Nazamuddin, and Altaf Hsan Qureshee highlighted basic requirements for holding fair elections.

<https://www.dawn.com/news/1401950/ecp-ban-on-new-uplift-projects-to-hit-cpec-ventures>

CPEC VITAL FOR PAKISTAN’S ECONOMY: BALOCHISTAN SPEAKER

Dawn, April 18th, 2018

QUETTA: Terming China-Pakistan Economic Corridor (CEPC) vital for the economy of Pakistan, Balochistan Assembly Speaker Raheela Hameed Durrani said on Tuesday that there was a need to understand the sensitivity and various aspects of this multi-billion-dollar project.

She was speaking at a seminar on the benefits Balochistan will get under the CPEC umbrella. The seminar was held at the Centre for Excellence of the Balochistan University of Information Technology and Management Sciences (BUIIMS).

She said the economic corridor project would prove to be a game-changer not only for Pakistan, but also for the whole region. Explaining importance of the project, she said a number of countries were taking great interest in the CPEC project.

Raheela Durrani calls for removing concerns of all stakeholders

Ms Durrani stressed the need for removing misunderstandings about CEPC, saying that whenever she talked about this project people asked a number of questions about conditions in the agreement signed

by Pakistan and China for it. Reservations of all stakeholders, including all provinces of the country, on the project should be removed, she added.

She also called for addressing concerns of Balochistan people, particularly the local people of Gwadar, about CPEC and development activities in the port city. She said the government should protect rights of local people while planning development projects in Gwadar and other parts of Balochistan.

She said all Pakistanis should play their role for making the corridor project a success because they all would be beneficiary of its economic dividends.

The speaker stressed the need for imparting modern technical education to local people of Gwadar and other Balochistan towns so that they could be able to avail maximum benefits of CPEC related projects.

She said Pakistan would attract investment from all over the world after completion of the economic corridor project.

Ms Durrani appreciated the organisers of the seminar, saying that the programme had provided a great opportunity to understand the economic benefits of the corridor project for Pakistan, particularly for the people of Balochistan.

She said such programmes could play an important role in removing misunderstandings about the project.

Leader of the Opposition in Balochistan Assembly Abdul Rahim Ziaratwal, BUITMS Vice Chancellor Ahmed Farooq Bazai, Centre for Excellence Director Dr Shahid Rasheed, Planning and Development Secretary Asfandyar Kakar, Gwadar Port Authority Chairman Munir Jan and other officials attended the seminar.

<https://www.dawn.com/news/1402317/cpec-vital-for-pakistans-economy-balochistan-speaker>

CPEC TO FUEL INDUSTRIAL GROWTH

Business Recorder, 19 April 2018

Naveed Butt

ISLAMABAD: The government expects growth in industrial sector in the next fiscal year due to better supply of energy and planned investment under China-Pakistan Economic Corridor (CPEC).

According to working paper presented in the Annual Plan Coordination Committee (APCC) meeting, which is also available with Business Recorder, in view of steady growth rate during the current fiscal year, the industrial sector is expected to grow by 7.6 percent during 2018-19 on the back of better energy supply and planned investment under CPEC. The mining & quarrying sector is projected to grow by 3.6 percent, manufacturing sector by 7.8 percent, LSM by 8.1 percent, construction by 10 percent and electricity generation & distribution and gas distribution by 7.5 percent. Moreover, the increase in consumer demand is expected to further spur private sector activities and help maintain aggregate demand.

About balance of payments, the documents further revealed that resurgence of global commodity prices in 2018-19 is a positive signal for exporters. Concerted efforts are required to enhance quality of exportable, diversify product range and look for new markets. Trade deficit is projected to be at \$29.2 billion. With CPEC investments and better performance in industrial sector, exports are expected to gain momentum. Exports for 2018-19 are thus projected to grow by 11.6 percent while imports are projected to increase by 6.3 percent. The current account is projected to be in deficit by \$12.5 billion in 2018-19 (3.8 percent of GDP).

About monetary developments, the documents revealed that the policy rate stood at 40 years lowest at 5.75 percent for the first 6 months of 2017-18 and inched up to 6 percent in January 2018. Money supply (M2) grew by 5.3 percent (Rs.771 billion) during July-March 2017-18 as compared to 5.9 percent (Rs.756 billion) during the corresponding period of the last year. Borrowing from scheduled banks was retired to the tune of Rs1,378.5 billion in July-March 2017-18 as compared to retirement of Rs97.5 billion in July-March 2016-17.

According to documents, the government borrowing from the State Bank of Pakistan (SBP) stood at Rs2,236.7 billion in the same period compared to Rs801.6 billion last year. Notwithstanding inflationary expectations, this shift in borrowing from scheduled banks to SBP will create space for credit to private sector, which has already expanded by Rs469.2 billion during July-March 2017-18 compared to the expansion of Rs438.6 billion last year.

About balance of payment, the current account deficit for July-February 2017-18 stood at \$10.8 billion compared to \$7.2 billion in July-February 2016-17 indicating deterioration in current account deficit which stood at 4.8 percent of GDP compared to 3.6 percent last year. Trade deficit during the first eight months of 2017-18 stood at \$19.7 billion with exports of \$15.9 billion and imports of \$35.6 billion. During July-February 2017-18, exports increased by 12.2 percent compared to a decline of 0.8 percent in July-February 2016-17 whereas imports increased by 17.3 percent compared to an increase of 12.5 percent in comparable period of 2016-17.

The paper further described about workers' remittances which are amounted to \$14.6 billion in July-March 2017-18 compared with US \$14.1 billion during same period of the last year, registering an increase of 3.5 percent. The total liquid foreign exchange reserves stood at \$17.8 billion on 30th March 2018.

Working paper of Annual Plan 2018-19 envisages overall macroeconomic stability in view of encouraging agriculture performance and steady industrial growth. The GDP growth for 2018-19 is targeted at 6.2 percent with contributions from agriculture (3.8 percent), industry (7.6 percent) and services (6.5 percent). The growth targets are subject to favorable weather conditions, managing current account deficit, consistent economic policies and aligned monetary and fiscal policies.

The documents further said that services sector is targeted to grow by 6.5 percent in 2018-19, supported by growth of 7.8 percent in wholesale & retail trade, 4.9 percent in transport, storage & communication, 7.5 percent in finance & insurance, 4 percent in housing, 7.2 percent in general government services and 6.8 percent in other private services. The expected higher growth in commodity producing sectors will support the targeted growth in services sector.

Regarding to fiscal policy, the policy during 2018-19 envisages containing fiscal deficit, mobilizing more revenues, controlling current spending and switching to targeted subsidies while prioritizing development spending.

<https://epaper.brecorder.com/2018/04/19/1-page/711403-news.html>

CPEC TO PROVE GAME CHANGER FOR COMING GENERATIONS: MARRIYUM
Business Recorder, 20 April 2014

ISLAMABAD: Minister of State for Information, Broadcasting, National History and Literary Heritage Marriyum Aurangzeb Thursday said that China Pakistan Economic Corridor (CPEC) was a game changer for the coming generations as it would strengthen the economies of entire region.

Speaking as chief guest at the third anniversary of China Cultural Centre at Pakistan National Council of Arts (PNCA) here she said that Pakistan and China were located at the centre of the world and that was why the entire world was showing interest in the corridor.

She said that CPEC, a flagship project of Belt and Road Initiative was proof of Pak-China friendly state-to-state relations and a symbol of trust and cooperation that both sides enjoyed with each other. The cultural diplomacy between Pakistan and China had further cemented the deep-rooted bilateral relations, she added.

Marriyum observed that the Pakistan National Council of the Arts under the stewardship of its Director General Jamal Shah was not only making strenuous efforts for promoting culture within the country, but was also playing significant role in strengthening cultural diplomacy between the two countries.

The minister observed that the Pak-China friendship had been given different names at different times and CPEC had unleashed a new era of bonhomie between the two countries. Marriyum said that Pakistan was committed to the cause of economic integration, development, strengthening the bilateral relations, promoting cultural bonds and promoting people-to-people contacts.

She said that Pakistan and China were iron brothers and the present government wished to see the relationship gaining strength with each passing day.

She said she was glad to say that China Cultural Centre, Islamabad was instrumental to strengthening the bonds of friendship and fraternity between the two countries. She said that at the cultural centre besides cultural activities, the students were being taught the Chinese language. She appreciated the efforts of the Chinese ambassador in making the centre a success.

The minister said it was her belief that sustainability of economic prosperity and cooperation required mutual understanding of each other's culture, heritage and language.

The minister said that Pakistan's first-ever Film and Culture Policy has been included in the finance bill for the next budget as Pakistan was unable to use screen tourism to boost its image. She said that film, national heritage, culture and languages played key role in projecting the real soft image of Pakistan.

She said when Chinese President visited Pakistan in 2014 he and the former Pakistani Prime Minister Muhammad Nawaz Sharif signed the historic agreements and inaugurated the CPEC.

She congratulated the Chinese government, the Chinese embassy and those associated with the centre on successful completion of three years.

Chinese ambassador Yao Jing, senior officials of Chinese embassy, DG PNCA Jamal Shah were also present on the occasion.

<https://www.brecorder.com/2018/04/20/412985/cpec-to-prove-game-changer-for-coming-generations-marriyum/>

UPS EYES PAKISTAN, CPEC OPPORTUNITIES

Dawn, April 21st, 2018

Nasir Jamal

LAHORE: With Pakistan's international trade growing to well over \$50 billion and growth reaching a 10-year high on the back of strong domestic demand, improved security conditions and heavy investments in the road, transport and power schemes around the multi-billion-dollar China Pakistan Economic Corridor initiative, the global shipping firms and logistics and e-commerce providers like UPS seem to be attracted by the future prospects Pakistan offers for their business.

The arrival of UPS — a global package delivery company and a provider of supply chain management solutions present in 220 countries — in Pakistan as a partner of the largest domestic shipping company, TCS, is billed to help cut time and cost of shipments coming into or going out of the country.

“[The] Pakistan market is very rich... and there are plenty of opportunities to develop business here,” Mr Jean-Francois Condamine, the president of UPS's Indian Subcontinent, Middle East and Africa (ISMEA) region, told Dawn. He was in Lahore recently to open the country's second ‘Gateway’.

“[The Gateway] is a door to the world. In other words it is a place where we process all our volumes going in or out of Pakistan. It's a way we consolidate shipments for exporters” he tells Dawn.

According to the World Bank's Doing Business report, the time and the cost of trade in Pakistan, for both exporters and importers, is higher than the South Asian average. This is despite the fact that Pakistan has upgraded port infrastructure and implemented several reforms to cut time and documentation requirements.

Mr Condamine elaborated that business-to-business ventures are growing rapidly although Pakistan's dealings with the rest of the world have for some time now been displaying emergence of trends like business-to-consumer and digitisation.

The UPS ISMEA boss explained that the nature of his company's collaboration with TCS is commercial. “We have worked together for two and a half years. It is a very natural partnership. TCS has 65 per cent market share in a country with over 200 million people and UPS is a global giant present in 220 countries.”

“We needed to change the game in Pakistan, meaning that we have to be present in this market. We have to develop business and revenues. More importantly, we link all 220 countries and I would say that Pakistan was a little bit late in the game.”

Speaking about China-Pakistan Economic Corridor (CPEC), Mr Condamine said his company was present in all the countries the corridor project is connecting. “CPEC is an extension of sea ports connecting the continents, which is very important for us as well. It is more about joining the geographical blocs: China, Europe, East Africa and the Middle East. It offers us a big opportunity. We are already present in China and now have come to Pakistan. So we are ready to take any opportunity that comes our way.”

He said his firm had already set up a direct air link between Sandy Springs in Georgia, US, where the UPS’s headquarters are located, and Dubai. “This link for the moment is for serving our customers in the Gulf. But we plan to extend it to Pakistan to capture more share of the B2B and B2C market here,” he added.

<https://www.dawn.com/news/1402917>

NEWS COVERAGE PERIOD FROM APRIL 9TH TO APRIL 15TH 2018
WITH CPEC, DEMAND FOR PETROLEUM PRODUCTS SET TO GROW
The Express Tribune, April 10th, 2018.

Consumption of petroleum products increased by 9.64% in 2016-17 compared with the previous year, leading to a higher import bill and pressure on the country’s two ports, the KPT Oil Piers at Keamari and the FOTCO at Port Qasim.

The demand is set to go up more following the increase in activities due to the China-Pak Economic Corridor (CPEC) in 2018.

According to the ‘Pakistan Oil Report 2016-17’ prepared by Oil Companies’ Advisory Council’s (OCAC), the year 2016-17 was very challenging for the downstream oil sector. Whilst crude prices remained stable and Pakistan also benefitted from low oil rates in the international market, the phenomenal growth in demand for transport fuels, riding a wave of low prices at the forecourt, was a major challenge.

OCAC’s flagship report, the Pakistan Oil Report 2016-17, is an annual report that provides data related to the downstream oil sector, namely refining, oil marketing and pipeline transportation. Since 1978, it is published each year, and is used by stakeholders for consultation and forms the basis for short-, medium- and long-term planning.

According to the report, in 2016-17, the consumption of petroleum products was around 27 million tons, an increase of 9.64% over 2015-16. PMG and High Speed Diesel (HSD) were the main drivers with a growth rate of 15% and 10%, respectively, over 2015-16, leading to higher imports and pressure on the country’s ports.

Based on a GDP growth of 7%, OCAC said that the forecasted annual demand of petroleum products will reach around 55 million tons in 2030, from the 2018’s estimated demand of 29.6 million tons.

Meeting the challenge of sustained energy supplies is of critical importance to Pakistan's growth, namely a road map for ensuring sustained supply of petroleum oil products to the Pakistani market, to help keep the wheels of the economy turning and ensure that projected growth targets are achieved.

It is also necessary to provide quality products (minimum Euro IV/V) to the Pakistani consumer.

Additionally, deep conversion refineries, de-bottlenecking of the existing ports including Byco's SPM, and the addition of another oil pier at Port Qasim, cross-country pipelines geared to handle dual fuels, adding matching oil depots installations and storages are the ingredients for Pakistan's future success.

Separately, OCAC is in the process of finalising an oil industry master plan, covering the above-mentioned ingredients and the period up to 2030.

If the roadmap is successfully implemented, the same model can continue beyond 2030 to ensure sustained supply of energy to Pakistan, stated the report.

<https://tribune.com.pk/story/1681566/2-cpec-demand-petroleum-products-set-grow/>

PM INVITES CHINESE FIRMS FOR DEVELOPING COUNTRY'S POWER SECTOR

Business Recorder, 11 April 2018

ISLAMABAD: Prime Minister Shahid Khaqan Abbasi on Tuesday invited Chinese investors and companies to participate in the development of Pakistan's power sector with promising returns and incentives.

The prime minister stated this while talking to Administrator of National Energy Administration (NEA) of China, Nuer Baikeli, who called on him on the sidelines of BOAO Forum for Asia, a statement issued by the PM House here said.

The prime minister expressed the hope to further strengthening cooperation with the National Energy Administration of China and the Government of Pakistan.

Appreciating the contribution rendered by CPEC energy projects in alleviating the energy shortage in Pakistan, the PM thanked the Chinese government and NEA for their strong support and collaboration.

He said that these projects were providing efficient and affordable electricity into the system and both sides were continuing to work on other projects based on hydropower in North of Pakistan and local coal in Thar district of South.

He also indicated the need of early completion and synchronization of transmission line of South-North with the upcoming generation projects in Karachi and Thar.

The prime minister stated that the Oil and gas sector was a priority area which was featured prominently in the long term plan for CPEC.

He emphasized that the government was committed to supply clean, affordable and sustainable energy to the consumers. The prime minister said that focus was on provision of affordable and diversified energy mix as Pakistan holds tremendous potential in the coal, hydro, solar and wind sectors.

The prime minister expressed satisfaction over regular exchange of views between experts on energy from the two sides. He said that private sector was now playing a crucial role in developing Pakistan's economy by supplementing generation capacities and related infrastructure.

The present government has introduced robust policy frameworks that carry competitive incentives and simplified procedures for both local and foreign investors, the PM said.

Foreign Minister Khawaja Asif, Minister for Interior, Planning, Development & Reforms Ahsan Iqbal, Ambassador Masood Khalid and senior officials were also present during the meeting.—APP

<https://epaper.brecorder.com/2018/04/11/18-page/710066-news.html>

GOVT URGED TO HIGHLIGHT ADVANTAGES OF CPEC'S MEGA PROJECTS

Business Recorder, 11 April 2018

Sarmad Mahmud

SIALKOT: Chief Coordinator of Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) Ijaz A Khokhar has said the mega project of China Pakistan Economic Corridor (CPEC) will bring revolutionary changes in every sphere of life not only in Pakistan but also in the entire region.

Talking to Business Recorder before leaving to Germany on Tuesday for attending high level meetings, he suggested establishment of Special Economic Zones in Sialkot, Gujrat, Lahore, Multan and South Punjab for boosting the local industry. Ijaz further stated that government should take immediate steps for highlighting the advantages and disadvantages by taking stakeholders on board.

The government should hold meetings with different trade bodies for highlighting the importance of mega project of CPEC, as well as, the future of industrial sector of the country he said.

Ijaz further stated that the industrial production of China is much higher as compared to Pakistan. Under the circumstances, it is suggested that Chinese investors should be restricted to prepare raw material for textile sector and preference should be given to local industry in finished products. He pointed out that establishment of joint ventures should be made mandatory for Chinese investors with their Pakistani counterparts in CPEC.

He said Pakistan is providing certain concessions to Chinese investors adding that China should also provide similar concessions for the promotion of industrial sector of Pakistan. Pakistan government is granting visa to Chinese investors freely but on the other hand China is granting 15 days visa to Pakistani businessmen he pointed out.

The PRGMEA Chief Coordinator further stated that Prime Minister and Federal Commerce and Textile Minister should interact with the stakeholders for ascertaining the problems and difficulties confronted by the industry. The garment sector is highest foreign exchange earner and strengthening

the national exchequer as well as providing employment opportunities to thousand workers across the country, he said. Ijaz was of the opinion that garment sector had great potential and ability to enhance 50 percent export and this sector to widen the scope of generating employment in the country.

The PRGMEA wants economic progress and prosperity of the country and for this purpose, right decisions are needed to follow correct path, in consultation with the stakeholders he said. He said government should focus special attention on formulation of aggressive trade polices for averting sharp decline in exports of the country adding that polices should be chalked out with active consultation of stakeholders and strong interaction with stakeholders is direly needed for ascertaining their problems. Government should make necessary arrangements for reviewing export activities on quarterly basis adding that this process will help government to monitor the pace of exports of the country, he said.

The PRGMEA Chief Coordinator was of the opinion that unfriendly polices were hindering exports of the country adversely and under the prevailing situation government should take drastic steps for removal of unfriendly polices for bringing stability in exports.

Ijaz suggested that while preparing trade policy 2018-23 the formulation of sector and regional wise policies should be considered adding that the concerned high ups should consult stakeholders for formulating of regional and sector wise policy.

The formulation of sector wise policies particularly regional based policies would not only help in increasing exports but also would be supportive in minimizing the problems confronted by the business community he added.

<https://epaper.brecorder.com/2018/04/11/10-page/709972-news.html>

BALUCHISTAN BEING NEGLECTED IN CPEC, SAYS BIZENJO

Dawn, April 12th, 2018

ISLAMABAD: Balochistan Chief Minister Mir Abdul Quddus Bizenjo said on Wednesday that his province was being neglected by the federal government in the China-Pakistan Economic Corridor (CPEC) project.

“More than Rs5,000 billion is being spent on the CPEC, but Balochistan is not receiving even one per cent of it,” he said while speaking at the Meet the Press programme at the National Press Club.

He said a major portion of the CPEC fell in Balochistan, but the people of the province were ignored in development activities being made under the project. “We have to see what benefit the people of Balochistan will get from the CPEC,” he added.

“I am collecting the record of the CPEC to ascertain what benefit will be given to our people in the grand project which is being executed in the name of Balochistan,” he maintained.

Mr Bizenjo said he was not against development activities under the CPEC and those being carried out in Punjab under the project, but he only demanded due rights of the people of Balochistan.

Talking about his election as chief minister in January this year, he said he received death threats several times on phone, but he stuck to his work and duties regarding service of the people.

“Often I received news of my own death,” he said. “I got death threats on phone but continued to work in the most difficult conditions.”

The chief minister said he responded to the death threats by telling the caller to let him work for Balochistan. “I don’t want to get involved in the politics of accusations,” he said.

In reply to a question about Prime Minister Shahid Khaqan Abbasi’s remarks against Senate Chairman Sadiq Sanjrani, he said the PM should not have passed such derogatory remarks while holding such a prestigious position. “The prime minister’s remarks have hurt the people of the whole Balochistan province,” he added.

“I don’t understand who will decide that if Nawaz Sharif and Hasil Bizenjo get votes, this is right, and if Sadiq Sanjrani becomes the Senate chairman by securing majority votes, this is wrong,” he said.

He stressed the need for eliminating what he called double standards and said: “A wrong tradition has surfaced because no one makes hue and cry when an ordinary man is convicted, but in the case of ousted prime minister Nawaz Sharif, a question is raised that ‘why I was sent home’.”

The chief minister said his government wanted to bring to an end the atmosphere of fear and hatred and restore peace and ensure development in Balochistan.

He lauded the role of security forces for restoring peace in Balochistan and other parts of the country. Mr Bizenjo also praised the previous government of the Pakistan Peoples Party for announcing the National Finance Commission award, passing the 18th Amendment and giving a development package to Balochistan.

<https://www.dawn.com/news/1401117/balochistan-being-neglected-in-cpec-says-bizenjo>

IRAN EYES CPEC WITH GROWING INTEREST AFTER PORT VISIT

Dawn, April 14th, 2018

KARACHI: Iran’s Minister for Roads and Urbanisation Abbas Akhouni expressed keen interest in exploring avenues available under the China-Pakistan Economic Corridor (CPEC).

The minister is leading a high level Iranian delegation which visited Karachi Port Trust (KPT) on Friday.

Akhouni also showed interest in transshipment cargo handling. He said that Iran is keen to work with Pakistan for interconnection linkage between Karachi Port and Bandar Abbas as well as the development of tourism and facilitation of ‘zairreen’ (religious pilgrims).

He further said there was ample space of 204,000 hectares available at Bandar Abbas for promoting transshipment cargo handling facility.

KPT Chairman Rear Admiral Jamil Akhtar briefed the Iranian delegation about various projects.

He said the port is currently working on the expansion programme under the 10-Year Karachi Port Improvement Plan.

The Iranian delegation took keen interest in the deepwater container port project of KPT along with other future projects including the multipurpose bulk terminal, cargo village, LNG terminal and port elevated expressway.

The KPT chairman said that special care has been taken for opening up investment opportunities in marine sector for private sector.

The Iranian delegation was also given a tour of the South Asia Pakistan Terminals Ltd at the Deepwater Container Port.

<https://www.dawn.com/news/1401503>

AHSAN IQBAL SUGGESTS EARLY MEETING OF CPEC WORKING GROUPS

The Express Tribune, 14 April 2018

The China-Pakistan Economic Corridor (CPEC) is the most important pillar of the Belt and Road Initiative and due to commitment and sincerity from both countries the vision of CPEC is fast translating into reality, said Minister for Planning, Development and Reform Ahsan Iqbal.

During a meeting with National Development Reforms Commission (NDRC) Vice Chairman Ning Jizhe, Iqbal said CPEC projects had shown positive progress over the past five years in Pakistan, which achieved 5.8% GDP growth in the current fiscal year, the highest in the past 12 years and was still growing.

“We have almost overcome the energy crisis, which was denting our economy,” he remarked and cited the start of energy projects in Sahiwal and Port Qasim as a testament of the high speed with which CPEC projects had been completed.

Iqbal apprised the NDRC vice chairman of other CPEC projects in the fields of infrastructure, energy, Gwadar and Special Economic Zones. He emphasised fast completion of Gwadar projects, particularly the five-million-gallon-per-day water desalination plant, and early approval of Khuzdar-Basima and DI Khan-Zhob-Quetta highway projects.

He proposed that CPEC’s Joint Working Groups for energy, infrastructure, planning and agriculture should meet next month to fast-track approval of projects.

In the wake of the emerging fourth industrial revolution, the minister called for cooperation in the field of digital economy and proposed the establishment of a new Joint Working Group for that area.

The Chinese side appreciated the idea and agreed in principle. It was decided that cooperation in the agriculture sector would be expanded in the light of the Long Term Plan to boost agricultural productivity of Pakistan.

Iqbal underscored the need for greater procurement from the local market wherever competitive goods and services were available and the vice chairman agreed with the proposal.

Speaking on the occasion, Ning appreciated the minister's contribution to making CPEC successful and expressed the hope that as an experienced counterpart in CPEC, Iqbal would be a big help for him.

<https://tribune.com.pk/story/1685233/2-iqbal-proposes-early-meeting-cpec-working-groups/>

NEWS COVERAGE PERIOD FROM APRIL 1ST TO APRIL 8TH 2018
CPEC TO BENEFIT GILGIT-BALTISTAN THE MOST: CHINESE ENVOY
Dawn, April 1st, 2018

Jamil Nagri

GILGIT: Gilgit-Baltistan is an important part of the China-Pakistan Economic Corridor (CPEC) project and residents of this region will be provided maximum benefit, Chinese Ambassador to Pakistan Yao Jing said.

“The Chinese government wishes for the development of the residents through trade activities between GB and neighbouring Xinjiang province,” the envoy said on Friday while meeting a delegation of the Gilgit-Baltistan Chamber of Commerce and Industry (GBCCI) in Islamabad.

The delegation was led by GBCCI President Nasir Hussain Raki.

The envoy said hydropower projects, Gilgit-Chitral road, Karakoram Highway (KKH) upgradation and maintenance schemes have been initiated in the GB region.

The ambassador said the two governments have approved a plan under the ‘green channel’ to allow imports and exports of fresh and dried fruits including apricot and cherry. However, the Pakistani customs officials are not implementing the mechanism.

The Gilgit-Baltistan region is one of the most attractive areas in the world and its economy could get a boost from tourism and trade with China, he added.

Mr Jing said a plan is under consideration to issue visas to Chinese citizens for visiting Pakistan via the Khunjerab Pass.

The Pakistan-China border at Khunjerab remains open from April 1 to November 30 every year. The GB government issues border pass to locals for visiting Xinjiang.

The envoy said that he will talk to relevant officials for special visa relaxation to increase the stay duration for Pakistanis holding the pass.

He assured the delegation that complaints about the behaviour of Chinese immigration officials at the border will also be addressed.

Talking about the issue of detained Chinese wives of Pakistani residents (mostly merchants) in Uighur region, the envoy said, “The women are being interrogated as Chinese citizens.”

“The issue is not complicated. The Xinjiang province administration has recently started investigation of its citizens who are in a relationship with nationals of foreign countries. The women will be freed after completion of the inquiry process.

The women are being interrogated for security purposes, with an aim to avoid any untoward incident in the country,” he explained.

GBCCI president Mr Raki said traders in the Gilgit-Baltistan region want the volume of trade via KKH to increase as this will open up more economic opportunities.

<https://www.dawn.com/news/1398814/cpec-to-benefit-gilgit-baltistan-the-most-chinese-envoy>

CABINET TOLD: CPEC PROJECTS TO ADD 17,000MW TO NATIONAL GRID

Business Recorder, 4 April 2018

ZAHEER ABBASI

ISLAMABAD: The federal cabinet has been informed that energy projects under the China-Pakistan Economic Corridor (CPEC) project will contribute over 17,000mw to the national grid after completion.

A presentation was made to the cabinet meeting, presided over by Prime Minister Shahid Khaqan Abbasi, on Tuesday by the Ministry of Planning, Development and Reforms on CPEC pursuant to cabinet’s decision of February 2018.

In a presentation, the cabinet was informed about various projects being undertaken in energy sector, infrastructure projects, industrial cooperation and development projects of Gwadar.

The meeting was told that energy sector and infrastructure development constituted the major areas under the first phase of CPEC and completion of energy sector project will add 17,000mw to the system.

The Ministry of Planning stated that CPEC will significantly help towards ensuring inclusive development, especially the socio-economic development of the less-developed areas of the country by increasing GDP growth and strengthening various sectors of the economy.

Annual report and audited financial statement of audit oversight board for the year 2017 were presented before the cabinet.

The cabinet approved signing of 07 memoranda of understanding with various countries aimed at enhancement of economic and strategic cooperation and carrying out a feasibility study of a project. The cabinet approved ‘Prevention of Smuggling of Migrant Ordinance, 2018.’

The cabinet also assented to ceiling for allocation of grants-in-aid to bar councils and bar associations for 2017-18.

Appointment of managing director Utility Stores Corporation was also approved by the cabinet. A proposal to grant additional charge of the post of chairman Port Qasim Authority Karachi to director general Ports & Shipping was also approved.

The cabinet approved a summary regarding rationalization of the prices of Computerized National Identity Card (CNIC) and National Identity Cards for Overseas Pakistanis (NICOP).

<https://epaper.brecorder.com/2018/04/04/1-page/708638-news.html>

FORMER SEPARATIST LEADER SAYS CPEC WILL CHANGE FATE OF BALOCHISTAN
Dawn, April 5th, 2018

QUETTA: Dr Jumma Khan Marri, a former separatist leader and president of the recently formed Overseas Pakistani Baloch Unity, has said that development projects like the China-Pakistan Economic Corridor (CPEC) will change the fate of Balochistan.

Addressing a gathering in the Kohlu area from Moscow on telephone on Wednesday, he said that those opposing the CPEC and other development projects were not only the enemies of Pakistan but also the people of Balochistan.

Dr Marri, who recently disassociated himself from the separatist movement, urged all the Baloch who are still on the mountains to lay down their weapons, join mainstream and start contributing to the development projects for the betterment of Balochistan.

He said the so-called leaders were enjoying a luxurious life in Europe, but the common Baloch people were suffering the brunt of terrorism.

Dr Marri said that he had launched the Overseas Pakistani Baloch Unity to expose and confront the disgruntled leaders on all forums and fronts abroad. He said he would come back to Pakistan soon, but first he and his organisation would dismantle these anti-Pakistan elements by unmasking their true faces.

He appealed to the people of Balochistan to help and extend support to him in his mission of peace, unity and brotherhood.

According to a statement, Wadera Ghazi Khan, Mir Sher Baz Marri, Wadera Mir Gul Sanjrani Marri, Syed Nizam Shah Marri, Wadera Bevragh Marri, Umar Farooq and Mir Zarak Khan also addressed the gathering.

<https://www.dawn.com/news/1399682/former-separatist-leader-says-cpec-will-change-fate-of-balochistan>

May 2018

NEWS COVERAGE PERIOD FROM MAY 21st TO MAY 27TH 2018

Key CPEC railway upgrade project referred to Ecnec

Khaleeq Kiani Updated May 25, 2018

A train pulls into Landhi station, Karachi. The ML1 project will upgrade the speed and quality of the railway from Karachi to Havelian, with plans to extend it to Peshawar and even Khunjerab. At the moment however, the project's cost is proving too high and its approvals are taking longer than the government imagined.

ISLAMABAD: The Central Development Working Party (CDWP) on Thursday cleared 36 development projects at a total cost of about Rs800 billion.

Presided over by Deputy Chairman Planning Commission Sartaj Aziz, the CDWP approved 24 projects worth Rs19.6bn and recommended another 12 larger projects worth Rs781.4bn to the Executive Committee of the National Economic Council (Ecneec) for approval.

Under the current financial powers, the CDWP can itself approve projects costing no more than Rs3bn while the projects of higher estimated costs are approved by Ecneec on technical grounds.

In transport and communication section, a total of eight projects were presented out of which six projects were referred to Ecneec and two projects worth Rs112m were approved by the CDWP.

Improvement of rail track from Karachi to Peshawar envisaged

Major projects among those referred to Ecneec included upgradation of Pakistan Railways existing Main Line-1 (ML-1) at a rationalised cost of Rs381.038bn, dualisation of Mardan to Swabi road at a cost of Rs9.550bn and construction of Peshawar-Torkham Motorway Project as part of Khyber pass economic corridor project (KPEC) at a cost of Rs41.44bn.

In the energy section, three projects were presented out of which two were approved and one was referred to Ecneec. The project of "Evacuation of power from Suki-Kinari, Kohala and Mahl HPP in northern areas" was referred to Ecneec for further approval. The meeting approved installation of pilot battery energy storage system and Dargai Hydroelectric power station.

In water resources sector, a total of five projects were presented out of which three worth Rs1.596bn were approved by the CDWP. Two projects were sent to Ecneec. The projects referred to Ecneec included Balochistan Water Resources Development project at a cost of Rs15.526bn and Toiwar-Batozai storage dam project worth Rs4.905bn.

The CDWP approved projects including feasibility and detailed design of Baber Kach Dam on Nari River at a cost of Rs75.072m, Chao Tangi Small Dam in South Waziristan" at a cost of Rs994m and land and water monitoring/evaluation of Indus plan at a cost of Rs469.271m.

In physical planning and housing section, a total of four projects of Rs2.087bn were approved by the CDWP. These included construction of auditorium hall at Pakistan Marine Academy worth Rs177.204m, extension of presidential flats of Pakistan Marine Academy at a cost of Rs190.345m, construction of joint intelligence directorate in NACTA Headquarters Islamabad at Rs400m and Project Readiness Financing (PRF) for Khyber Pakhtunkhwa intermediate cities improvement investment projects" at a cost of Rs1.32bn.

In science and technology, total of seven projects were presented out of which six projects of worth Rs6.539bn were approved. These included establishment of NUST Campus at Quetta at a cost of 2.623bn, construction of hostel/sports facilities at Karakoram International University at a cost of Rs316.390m, strengthening of University of Peshawar at cost of Rs748m, Academic and Research Linkages with different countries/agencies under bilateral agreement at the cost of Rs467m and establishment of Space Applications Research Centre, Gilgit-Baltistan at the cost of Rs665m.

In agriculture and food, a total of two projects were presented and approved at the cost of Rs1.057bn. The projects included strengthening/upgradation of agriculture and livestock research system of Arid Zone Research Institute, Umerkot Sindh at a cost of Rs528.592m and establishment of Plant Breeders Rights Registry and strengthening of DUS Examination System at a cost of Rs528m.

In environment section, a total of three projects were presented out of which two projects were referred to Ecneec and one project of worth Rs1.848bn was approved. The projects referred to ECNEC included Strengthening of Early Warning System of Pakistan Meteorological Department (PMD) and Disaster Risk Management (DRM) Services Project”.

The CDWP also approved installation of weather surveillance Radar at Multan at a cost of Rs1.848bn. In information technology section, establishment of Pakistan space Centre was presented by Suparco. The total cost of this project is Rs26.999bn. It was referred to Ecneec for further approval.

In governance section, a project of “Establishment of Special Protection Unit in AJK” was approved at a cost of Rs1.038bn.

In health, a total of two projects were approved at a total cost of Rs1.328bn. The approved projects included replacement and upgradation of HVAC Plant Room Equipments & Allied Works at PIMS, Islamabad and up gradation of existing facilities of hepatobiliary and organ transplant centre.

In mass media section, establishment of Sautul Quran FM Network Phase-II was approved at a cost of Rs138.689m. In culture, sports and tourism section, laying of synthetic hockey turf at Gilgit was approved at Rs123.713m.

The meeting also approved establishing Centres of Excellence at National Training Bureau, NISTE and Heavy Machinery Operators Facilities at 13 districts at a total cost of Rs1.8bn. In education section, Establishment of Islamabad Model College for Boys in Pakistan Town was approved at a cost of Rs161.685m.

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<https://www.dawn.com/news/1409887/key-cpec-railway-upgrade-project-referred-to-ecneec>

China to provide \$2.9bn financing for Railways

TANVEER AHMED

KARACHI: China will put in \$2.890 billion financing to upgrade Pakistan Railways (PR) Mainline –I (ML-I) in the first phase of the project under China-Pakistan Economic Corridor (CPEC) investment framework.

The total cost of the project comes around \$ 3.400 billion and China would extend a loan of \$2.890 billion to meet 85 percent cost of the project as per its commitment under CPEC, a working paper of Planning Commission of Pakistan on the project indicates.

The working paper available with Business Recorder spells out the details of financing for the mega project under CPEC framework. The project, which is awaiting the approval of Ecneec after passage from Central Development Working Party (CDWP), recently, is the part of road and rail infrastructure upgradation component of CPEC.

The financing side of the project shows that apart from \$ 2.890 loan from Chinese side, Pakistan would put in \$510 million as part of its 15 percent share in the project. In Public Sector Development Programme (PSDP) for the next financial year, Rs 5 billion has been allocated for this project as part of Pakistan's share in the project.

The commencement of work on the project has been targeted during financial year 2018-19 whereas it has been scheduled to be completed during in fiscal 2021-22.

The cost break-up shows that upgradation of 339km long Multan-Lahore track would cost \$1.002 billion whereas 174 kms long Peshawar-Rawalpindi track's cost comes around \$985 million. Upgradation of Kaluwal –Pindora track stretching 52km would cost \$334 million. 183km long Nawabshah-Rohri track would cost \$490 million.

Establishment of Dry Port at Havelian in KPK would cost \$79 million and the cost for upgradation of Pakistan Railway Academy Walton Lahore comes to \$38 million. The procurement of locomotive & rolling stock would cost \$479 million.

The financial phasing of the project suggests that \$ 973 million would be required during the financial year 2018-19, one billion dollar would be required in 2019-20 & 2020-21 each and \$427 million would be required in 2021-22 to meet the total cost of \$ 3.400 billion to complete the project in scheduled time frame.

The working paper states that after upgradation, ML-I would facilitate passenger train operations at speed of 160 kph from existing 120 kph and freight operations from existing maximum speed to 70 kph to 120 kph with enhanced line capacity from existing 34 to 171 trains each way.

The project under phase-I is planned to be implemented on EPC (Engineering, Procurement & Construction) mode. A Special Purpose Vehicle (SPV) will be established for coordination and supervision during execution.

<https://epaper.brecorder.com/2018/05/27/6-page/719065-news.html>

JUDICIAL BODY TELLS COURTS NOT TO ISSUE STAY ORDERS ON CPEC

Dawn, May 7th, 2018

ISLAMABAD: On repeated requests from China, Pakistan's top judicial policymaking body has asked the country's high courts and lower judiciary not to issue ex parte stay orders in respect of CPEC-related projects.

The National Judicial Policy Making Committee (NJPMC) headed by Chief Justice of Pakistan Justice Saqib Nisar and comprising the chief justices of four high courts and Federal Shariat Court has also asked the Planning Commission — the country's focal organisation on the China-Pakistan Economic Corridor — to consult the Supreme Court if it requires any support in matters relating to the CPEC.

According to the official record seen by Dawn, the decisions were taken at a special meeting of the NJPMC in February. About a dozen federal secretaries or their senior representatives were specially invited to the meeting in view of the importance of increasing Chinese investments and financing in Pakistan.

China seeks special arrangements for expeditious resolution of disputes with its investors in Pakistan

Senior Supreme Court judge Justice Mushir Alam and retired Justice Shakirullah Jan and senior puisne judge of the Lahore High Court Justice Muhammad Yawar Ali also attended the meeting. Justice Yawar Ali subsequently became the chief justice of the Lahore High Court.

Informed sources said the Chinese side had been pressing hard at almost every forum for exemption from stay orders and suggesting special arrangements for expeditious resolution of disputes with Chinese investors, contractors and financiers.

CJP Nisar told the participants that they had been invited to share views with the stakeholders about disputes likely to arise out of CPEC projects and their resolution mechanism.

He said that during his visit to China in 2017, the president/chief justice of the Supreme People's Court of China "showed his concern about dispute resolution mechanisms to deal with likely disputes arising out of CPEC projects and desired that some expeditious dispute resolution mechanism may be framed".

The matter was taken up with Chief Justice Nisar by two Chinese ambassadors who "reiterated that for resolution of disputes that may arise between individuals and Chinese government a mechanism should be evolved" and reminded "the amicable settlement of CPEC-related disputes".

Justice Mushir Alam was of the view that with the CPEC investment in Pakistan there was likelihood of civil and criminal disputes and emphasised the need for uniformity in laws, processes and mechanisms.

Justice Syed Mansoor Ali Shah, then LHC chief justice, stressed the need for setting up a forum like the IFC-Dubai which looked after foreign direct investment.

He suggested that designating special courts to hear CPEC-related disputes could also be considered.

Dr Muhammad Raheem Awan, Secretary of the Law and Justice Commission of Pakistan, told the meeting that 48 bilateral investment treaties (BITs) of the country were currently in place, including one with China since 1989. He said the treaty covered disputes and provided direct recourse to foreign investors to refer the dispute to an arbitration centre under the World Bank — International Centre for Settlement of Investment Disputes.

He suggested the establishment of a dispute resolution mechanism to facilitate Chinese investors and called for revisiting the BITs.

The planning and development secretary said the CPEC was basically a bilateral agreement between two friendly countries, evolving from a 2013 memorandum of understanding.

“The basic purpose of the agreement is to promote peace and stability in the region and beyond”, he said, explaining that the MoU contained a dispute resolution clause to the effect that disputes shall be decided through friendly consultation and “no worth mentioning dispute” had arisen so far.

The additional secretary of energy (power division) informed the meeting that the CPEC projects included a \$2.1 billion high voltage direct circuit from Matiari to Lahore spreading over 878 kilometres and in respect of which stay orders had been passed and the issue required consideration.

The Board of Investment secretary said the BoI had cordial relations with the Chinese government and no disputes were foreseen.

The Federal Board of Revenue chairman told the meeting that Pakistan had suggested to the Chinese government to form a working group for discussing likely tax issues and in case any issue was identified legislation for the same might be considered.

He said the Supreme Court of Azad Jammu and Kashmir had issued certain orders which might affect the CPEC-related projects. He added that certain provincial CPEC-related sales tax matters required consideration.

The secretary of railways ministry informed the meeting that construction of a main railway line from Karachi to Peshawar was being considered, along with a dry port at Havelian, adding that issues relating to bill of quantity, cost, etc, had been resolved and the project would be launched soon.

The communications secretary said his ministry had so far not received a single complaint regarding the CPEC.

The law secretary said arbitration clauses were proposed in some CPEC-related agreements and MoUs which were not vetted by the law ministry.

<https://www.dawn.com/news/1406124>

POOR CONSTRUCTION STANDARD FOUND IN CPEC ROAD PROJECT
Dawn, May 7th, 2018

ISLAMABAD: Poor standard of construction has been found in a road project of the China-Pakistan Economic Corridor (CPEC) in Balochistan.

The Zhob-Mughalkot Road (N-50) has two packages and Package-I is being built by M/s Zahid Khan & Brothers (ZKB).

Maqbool Associates, which had submitted the lowest bid, won the contract, but the National Highway Authority (NHA) reportedly awarded it to ZKB, though the latter had offered higher rates, without asking it to match the lowest bid.

Former prime minister Nawaz Sharif had inaugurated the project in January 2016.

It has been learnt that an 11km portion of the 41km Zhob-Killi Khudae Nazar road (Package-I) was badly damaged, while ditches and cracks had also appeared on its other portions.

According to an NHA document, the 41km Zhob-Killi Khudae Nazar road was to be reconstructed by Limak-ZKB Joint Venture at a cost Rs4.8 billion under Package-I, and the 40km Killi Khudae Nazar-Mughalkot road by Maqbool-Zarghoon Joint Venture at cost of Rs4bn under Package-II.

At the same time, two separate projects had been awarded for N-70. A firm, Umar Jan, will construct the road from Qilla Saifullah to Loralai at a cost Rs4.50bn under Package-I, while Maqbool-Zarghoon JV will construct the road from Loralai to Waigum Rud at a cost of Rs3.02bn under Package-II.

According to the NHA document, Maqbool-Zarghoon JV had submitted the lowest bids for all four projects, but it was not considered for Package-I of N-50 and Package-I of N-70 and the contracts had been awarded to the second lowest bidders (ZKB and Umar Jan). Even the second lowest bidders had not been asked to match the lowest bids.

Maqbool-Zarghoon JV has expressed concern over non-consideration of its bids and wrote many letters to the NHA, claiming that the contracts had been awarded 'illegally' to the second lowest bidders.

When contacted, an NHA spokesman said the project was under construction and had not yet been completed.

He said: "Such problems/damages do often happen during construction and its rectification remains the responsibility of the contractor/consultant. It is always ensured that all such issues are fully addressed before the project is completed and opened to traffic."

He said the 81km long Zhob-Mughalkot project was divided into two lots and awarded to ZKB and Maqbool-Zarghoon JV, respectively. Maqbool-Zarghoon JV challenged the award of lot-1 in court where they lost the case and the Islamabad High Court upheld the NHA's decision.

Although the issue caused a delay in execution of the project, the NHA has managed to overcome unnecessary loss of time and the project was set to complete during the current year.

<https://www.dawn.com/news/1406141/poor-construction-standard-found-in-cpec-road-project>

‘KCR TO BE IMPLEMENTED IN CURRENT CPEC PHASE’

Dawn, May 9th, 2018

ISLAMABAD: The federal planning secretary has said that the Karachi Circular Railway (KCR) project and the upgrading of the Pakistan Railways’ ML-I (Karachi-Lahore-Peshawar railway track) project will be implemented in the current phase of CPEC as these are the main focus areas in transport and infrastructure sector.

In a meeting with vice president of China Railway Construction Corporation Limited (CRCC) Yang Jinjun here on Tuesday, planning secretary Shoaib Ahmad Siddiqui said that the ML-I was strategically important while the KCR was an economically viable project.

“The projects have made headway and will start soon,” he said adding that there was a need for efficient and professional firms to build these mega projects at fast pace.

The secretary further highlighted that the policies of President Xi Jinping were taking China to new development stage through Belt and Road Initiative (BRI).

“CPEC is the main pillar of the BRI that helped Pakistan to achieve economic growth of 5.8 per cent last year,” Mr Siddiqui added.

It was emphasised that Chinese firms should ensure capacity building of the local manpower by providing them on-job training and employment.

The officials also invited the attention of the CRCC to explore investment opportunities offered by special economic zones being implemented under CPEC.

Yang Jinjun expressed his full support to implement mega infrastructure projects in Pakistan with commitment and speed.

The CRCC informed that the company was already working in Pakistan and was interested in expanding cooperation in infrastructure and industrial development sectors. The firm also expressed its commitment to work closely with Pakistan’s technical education institutes to ensure capacity-building of local youth and more employment in future.

<https://www.dawn.com/news/1406423>

NEWS COVERAGE PERIOD FROM APRIL 30TH TO MAY 6TH 2018
AGRI SECTOR: JOINT WORKING GROUP OF CPEC ESTABLISHED

Business Recorder, May 1, 2018

Naveed butt

islamabad: federal minister for planning, development and reform ahsan iqbal has said that joint working group of china-pakistan economic corridor (cpec) for agriculture sector has been established for development of seed, drip-irrigation, fruits and vegetables as well as meat industry.

“China under the CPEC will provide new technology to Pakistan in which we will move towards value added agriculture. We have invited China working group on agriculture in the second week of August to visit Pakistan. The CPEC is a national project of Pakistan and it is directly linked with the development of the country. The CPEC has positively impacted our foreign investment and growth rate,” the minister expressed these views in a press conference after holding a meeting about CPEC review projects.

He said that the meeting discussed Gwadar projects, particularly relating to water and electricity. He said, “we discussed agreement of Gwadar Development Authority (GDA) with two for desalination plant. If Balochistan government agrees then Gwadar will get 200,000 gallons of water per day.” He said that Gwadar will get 450 million gallons of water per day with the connectivity of two dams in Balochistan. He said that executive committee of National Economic Council (ECNEC) has approved water desalination plant for 5 million gallons of water per day. “for this purpose we are requesting the Balochistan government to fulfill requirements to float the project. Federal government has fund for this project and we will go ahead soon after the bidding process of the Balochistan government,” he added. “the situation of water will be improved in Gwadar in next eight months. It will be last season for the people to face water problem and from next year they will not face this issue,” he claimed.

About shortage of electricity in Gwadar, he said, “it is very concerning for us that a power plant of 300mw could not be launched due to non-availability of land from Balochistan government. We discussed the projects about Basima-Khuzdar road and Quetta-Zhob road under CPEC with Chinese officials in the meeting. We want to expedite these projects which are funded by China,” he said.

He said that the meeting also discussed special economic zones. He said road shows will be organized in China in August or September this year for establishing economic zones in Pakistan under the CPEC.

When asked about subsidy for establishment of economic zones, he said that board of investment (BOI) will hold meeting with finance ministry in this week to define and streamline rules of process for giving incentives to investors.

About M-I projects of railway, he said, “we have sought terms of financing from China as well as complete data set of study from railways ministry for valuation of the project cost.”

Answering another question, he said, “we will fail if any community is insecure in the country.” He said that Hazara community is very peaceful and added that he is going to Quetta for showing solidarity with them. He said that he would also hold meeting with law and enforcement agencies to discuss the law and order of Quetta.

He said that national counter terrorism authority has been directed to prepare registration policy about religious seminaries in collaboration with the representatives of seminaries and provinces within two days. He said that the prime minister will soon announce a comprehensive package for mainstreaming religious seminaries. He said the government has been making efforts to resolve issues of religious seminaries in collaboration with Tanzeem ul Madaris under the national action plan.

<https://epaper.brecorder.com/2018/05/01/1-page/714296-news.html>

BUSINESSMEN FEAR DUMPING OF CHINESE GOODS UNDER CPEC
The Express Tribune, May 2nd, 2018.

Though government officials have been highlighting the gigantic China-Pakistan Economic Corridor (CPEC) as a great achievement for the past around three years, the project has also sparked fears that domestic industries will be crippled in future as China will dump its commodities in Pakistan.

A few months ago, Pakistan Institute of Development Economics' CPEC Centre of Excellence Executive Director Dr Shahid Rashid predicted that investment in CPEC projects would eventually swell to \$100 billion by 2030 compared to the existing estimate of around \$60 billion.

“China has already eaten half of our economy, what else it could do,” Karachi Chamber of Commerce and Industry (KCCI) President Mufassar Ata Malik told The Express Tribune while referring to the business community's apprehensions about CPEC.

Malik is a business tycoon having diverse ventures including security services, real estate, product branding, solar power generation and pharmaceutical manufacturing.

The KCCI recently hosted the “My Karachi – Oasis of Harmony” exhibition at the Expo Centre Karachi with the aim of portraying a soft image of Pakistan's financial hub before the international business community.

“The aim of the festival was to portray a soft image of the country and show the world that the city is open for business. It was not only meant to highlight Karachi or Pakistan's products only. Anyone could have hired a stall either for B2B or B2C purpose,” explained Mufassar.

The exhibition is being organised since 2004 in an effort to paint a positive image of the city and dispel investor apprehensions. Mufassar emphasised that Pakistan's business community needed to learn how to compete in the market and add value to their products, adding it should not always look at the government for a helping hand. “CPEC is not a one-way road as it will also give access for Pakistan's businesses to Central Asian markets. So, there's opportunity for Pakistan as well,” he said.

However, economist Akbar Zaidi pointed out that Chinese investors and companies had been given preferential treatment and when they would start manufacturing goods at the Special Economic Zones (SEZs), it would wreak havoc on Pakistan's industry.

“Imports from China have been increasing that has forced many industries in Pakistan to shut down and when they start manufacturing here, imagine what will happen?” asked Zaidi.

Citing an example, he said “when we buy a Chinese motorcycle assembled here, it costs Rs50,000, but when a Chinese firm will start manufacturing bikes here, then it will cost much less, may be Rs35,000. As buyers, we may enjoy the bike at a lower price, but local manufacturers will certainly suffer.”

In competition with China in goods manufacturing, Pakistan is not the only country that has lagged behind, even the US and India have not been able to compete with Beijing.

“Pakistan needs to find industries where China doesn't want to get involved because of language barrier like IT and services,” he suggested.

Zaidi said the best thing the government could do to protect local interest was to promote joint ventures, meaning Chinese companies should have a local partner. “However, it seems difficult at the moment.” In many of the Middle Eastern countries, foreign companies or individuals must have a local partner for launching a company.

<https://tribune.com.pk/story/1700182/2-industry-risk-businessmen-fear-dumping-chinese-goods-cpec/>

BALUCHISTAN, KP IGNORED IN CPEC, SAYS MANDVIWALLA

Dawn, May 4th, 2018

UPPER DIR: Deputy Chairman Senate Saleem Mandviwalla Has Said That The China-Pakistan Economic Corridor Project Was Started By Former President Asif Ali Zardari To Provide Opportunities Of Progress And Development To The Smaller Provinces Like Balochistan And Khyber Pakhtunkhwa. However, He Said That All Benefits Of The Project Had Been Given To Punjab While Other Provinces Were Ignored.

Mr Mandviwalla Was Addressing Workers Convention Here In Lowari House. Senator Behramand Tangi, Najamuddin Khan And PPP District President Arifullah Khan Were Also Present On The Occasion.

He Said That Mr Zardari Wanted To Start Mega Projects Under CPEC In Balochistan And KP So That The People Could Get Jobs. He Said That Pakistan Muslim League-Nawaz Government Had Intentionally Ignored KP And Balochistan In CPEC.

He Claimed That PPP Would Give Its Due Rights To The Two Provinces After Forming Its Government In Centre.

<https://www.dawn.com/news/1405460>

CJP CALLS FOR DIALOGUE TO ASSESS IMPACT OF CPEC

Dawn, May 5th, 2018

ISLAMABAD: Chief Justice of Pakistan Mian Saqib Nisar on Friday highlighted the need for a serious dialogue to assess the impact of the China-Pakistan Economic Corridor (CPEC).

There must be a consensus among all stakeholders in going forward and evaluating the legal, social, cultural and economic aspects of the multi-billion-dollar Chinese investment, he said.

The chief justice stressed the importance of developing capabilities that would address the several legal and administrative complexities — as well as grey areas — which could prove to be stumbling blocks in realising the full potential of CPEC investments.

The chief justice was speaking at the opening ceremony of the 8th Judicial Conference organised by the Law and Justice Commission of Pakistan at the Supreme Court building in Islamabad.

CPEC, the chief justice said, brought with it a tremendous amount of foreign direct investment (FDI). Considering all the money coming in, experts in the country — and those present at the conference — must deliberate on how to best maximise the potential benefits.

He said that the participants of the conference must also consider other areas that CPEC will impact — such as the environment and ecology. “Such footprints are often overlooked, but we must not let that happen,” he said.

The conference, he said, would also provide a chance for the participants to identify problem areas and suggest improvements to address them, making FDI investments more fruitful and efficient.

One such problem area, he continued, was in laying the foundations for a mechanism of resolving disputes. He said that it was imperative to discuss methods of Alternate Dispute Resolution (ADR), and the conference provided an opportunity to delve deeper into the matter to highlight an effective method — through commercial arbitration — to resolve conflict. Such arbitration would pave the way for developing a sustainable mechanism for investment-treaty arbitration in inter-state disputes, he said.

The chief justice was confident that small businesses would get a substantial boost from new economic opportunities through the CPEC. Therefore, he said, it was necessary to develop effective ADR mechanisms — extending its benefits to all levels of the market. ADR mechanisms are especially attractive to small- and medium-sized enterprises, as they gain from avoiding prolonged litigation, saving money in the process.

Speaking about the huge backlog of pending cases, the chief justice said that both the bar and the judiciary were equally responsible for the inefficiency plaguing the legal system. He argued that the only way out of the mess was for both to work together.

Being the head of the judiciary, the chief justice acknowledged, he was committed to revamping the system through several judicial reforms. However, he said that the problems could only be solved by adopting a holistic approach.

The chief justice also spoke about giving more attention to intellectual property rights. In today’s world, he said, there were a wide variety of rights which needed to be protected through special courts and tribunals. He said that robust intellectual property rights led to investor confidence and a speedy transfer of technology — both essential for a developing economy like Pakistan’s.

China has one of the five largest patent registration offices in the world. Pakistan is in the process of streamlining its legal system to deal with patents and copyrights.

The chief justice said that Pakistan must ensure that adequate legal information was available to citizens and business entities alike. Such information was critical when new business ventures were being considered with citizens of other countries and international corporations, he added.

The local business community, as well as foreign entities and individuals — who have chosen Pakistan to invest in — are entitled to security of investment. Dispute resolution mechanisms that not only included protection for financial investment but also intellectual property were key elements of a conducive business landscape, said the chief justice.

<https://www.dawn.com/news/1405725>

July 2018

NEWS COVERAGE PERIOD FROM JULY 23RD TO JULY 29TH 2018

Many CPEC projects in doldrums as NHA faces financial crisis

Syed Irfan Raza July 23, 2018

ISLAMABAD: A number of road projects related to the \$52 billion China-Pakistan Economic Corridor (CPEC) are said to be in doldrums as the National Highway Authority (NHA) faces financial crisis.

Sources told Dawn that contractors have stopped work on several CPEC projects after their cheques worth over Rs5 billion had bounced a couple of days ago.

It is for the first time that CPEC projects faced such a situation because of financial reasons.

The projects which have been hit by the situation include Hakla-Dera Ismail Khan, Western Route of CPEC and all sections of Karachi-Lahore Motorway (KLM).

According to the sources, seven packages of Hakla-DIK measuring 400km roads all projects of KLM have been affected.

The firms whose cheques have bounced include SKB, ZKB, Noman Construction, ACGC Chinese, Sardar Ashraf D Baloch, China Railway 17 Group and Matracon.

The sources said that not only the CPEC projects but local industries related to construction and a large workforce of engineers and labourers have also been hit by the situation.

When contacted, NHA spokesman Kashif Zaman said the authority issued cheques of Rs5bn on June 29 to the firms against the sanction by the government.

He said cheques worth Rs1.5bn were cleared by the same day and “the remaining cheques that were deposited the next day could not be cleared”.

Mr Zaman said the matter had been taken up with the government and hopefully it would be resolved soon.

When asked about suspension of work by the contractors, he said: “The progress on the project had not been affected. Same is true for Hazara Motorway and other sections.”

He said most of the projects in question would be completed by December 2018.

However, it has been learnt that the CPEC projects would be delayed further if the situation continues and outstanding dues of contractors are not paid.

Published in Dawn, July 23rd, 2018

<https://www.dawn.com/news/1421877/many-cpec-projects-in-doldrums-as-nha-faces-financial-crisis>

Bulk of Chinese financing goes to three CPEC projects By Shahbaz Rana

Published: July 24, 2018

ISLAMABAD: Just three projects of the China-Pakistan Economic Corridor (CPEC) – all of them on the eastern route – received 90% of total Chinese financing of \$1.8 billion in the just ended fiscal year as other infrastructure and social-sector projects were far behind their completion deadlines, showed official documents.

At the beginning of previous fiscal year 2017-18, Pakistan had estimated receiving \$1.6 billion in Chinese loans and grants for about one and a half dozen projects. The disbursement exceeded the target, but the number of projects that received about 90% of loans was only three, showed the statistics compiled by the Ministry of Finance and Economic Affairs.

Financial inflows into Chinese-funded projects indicate that there is hardly any meaningful progress on the western route that passes through Pakistan's hinterlands and on Gwadar schemes.

In total, seven infrastructure projects received loans of \$1.8 billion and four of them were related to CPEC, which is part of a strategic Chinese Belt and Road Initiative.

The three projects that received \$1.6 billion were Sukkur-Multan motorway, Thakot-Havelian motorway and Orange Line Metro project, Lahore. The fourth CPEC project that received Chinese assistance was the Cross-Border Optical Fibre that got \$16.5 million in the last fiscal year.

In the past, small provinces have complained about ignoring them in CPEC development, saying priority is being given to projects that are either part of the eastern alignment or located in Punjab like the Orange Line Metro project.

Against Pakistan's estimates of \$333 million, the Sukkur-Multan project, located on the eastern alignment, got \$904 million or half of the total loans received in the last fiscal year.

Similarly, the Thakot-Havelian section of the eastern route received \$318.2 million in loans against the official estimate of \$197 million. On the other hand, Orange Line Metro project, Lahore received \$359 million.

CPEC starts bearing fruit for people

The timely completion of these two mega road projects is crucial for connecting China's hinterlands with Gwadar Port. CPEC has been dubbed as the pilot project of the \$1-trillion Belt and Road Initiative that will eventually connect 64 nations of Asia and Europe through networks of roads and seaports.

In the last fiscal year, China gave \$4.5 billion in loans to Pakistan. These included \$2.2 billion in commercial loans, \$1.8 billion under CPEC and \$500 million in deposit from State Administration of Foreign Exchange (SAFE).

Over the past few years, Pakistan's reliance on China has increased. After Pakistan's commitment to CPEC, China has also been providing loans for balance of payments support.

Other projects that received Chinese economic assistance were Neelum-Jhelum hydroelectric power project (\$96.8 million), Chashma Nuclear Power Plants 3 and 4 (\$65.5 million) and Pakistan Remote Sensing Satellite (\$8.64 million).

Pakistan was hoping to receive grants for two Gwadar schemes – the Gwadar International Airport and Pakistan-China Vocational Institute Gwadar, according to budget documents. However, China did not disburse the grants.

A project designed to provide safe and clean drinking water to the Gwadar city also did not receive any Chinese assistance.

Similarly, three infrastructure projects of the western route, the Basima-Khuzdar dualisation of Yarik-Mughalkot project, Zhob bypass and land acquisition project and Eastbay Expressway Gwadar project did not get Chinese loans.

Former prime minister Shahid Khaqan Abbasi had decided to finance the Basima-Khuzdar road after delay in concessionary Chinese loans for the scheme.

The New Gwadar International Airport and Eastbay Expressway are known as small infrastructure projects. These two schemes have remained off track since 2015.

In the current fiscal year 2018-19, four infrastructure and social-sector projects were expected to receive Chinese financial assistance, said Hasan Daud Butt, Project Director of CPEC Secretariat of the Planning Commission.

China gives fresh assurance on CPEC financing

He voiced hope that progress would be made on the new Gwadar International Airport, Gwadar Master Plan, Pak-China Vocational Institute Gwadar and Eastbay Expressway. The project director said Chinese had informed that it would take about three years to approve grant for the Gwadar water scheme. Due to this reason, Pakistan has decided to finance the project itself, he added.

China has invested \$248m in Gwadar Port in first phase

The last PML-N government could not perform the ground-breaking ceremony of Gwadar International Airport despite setting many deadlines. The project faces delay of at least three years.

Published in The Express Tribune, July 24th, 2018.

<https://tribune.com.pk/story/1765050/2-bulk-chinese-financing-goes-3-cpec-projects/>

August 2018

NEWS COVERAGE PERIOD FROM AUGUST 27TH TO SEPTEMBER 2TH 2018

K-P CM TO STRIVE FOR GREATER CPEC SHARE FOR PROVINCE

By Our Correspondent

Published: September 1, 2018

K-P Chief Minister, Mahmood Khan. PHOTO: RADIO PAKISTAN

PESHAWAR: The new chief minister has assured that he will approach all relevant forums to secure a larger share for the province in the multi-billion dollar economic corridor being built by China.

Khyber-Pakhtunkhwa (K-P) Chief Minister Mahmood Khan claimed that the previous government led by the Pakistan Muslim League-Nawaz (PML-N) had kept promising a greater share for the province in the China-Pakistan Economic Corridor (CPEC) while doing something else.

‘China offers equal opportunities to Pakistan under CPEC’

This, Mahmood claimed, was done to allegedly keep the backward areas of the province from advancing and committing injustice with deprived people.

The chief minister said this while speaking to different delegations comprising parliamentarians and people from different walks of life at his office in the Chief Minister’s Secretariat of Peshawar on Friday.

The delegations informed the chief minister about their problems of their respective areas and how they had been neglected from the stream of CPEC projects in the province.

Mahmood assured them that he was fully aware of the excesses of the previous rulers. But with the Pakistan Tehreek-e-Insaf (PTI) in power both in the province and in the centre, things will change.

He added that they have already planned industrialisation, agriculture sector development, efficient use of surface and groundwater resources, expanding the productive sectors in the province, tapping natural resources of the province which focus on the seven newly merged districts of the erstwhile federally administered tribal areas (Fata) and developing tourism on attractive lines to make these resources the dominant features of the overall economy of the province.

PTI’s Mahmood Khan elected K-P chief minister

The chief minister further said that he would negotiate at the proper forum to get some feasible projects in the CPEC portfolio that would include projects for road and rail communication, industrialisation of the raw material of the province, oil and gas related projects predominantly projects for tourism promotion in the province.

He was optimistic that tourism would become the mainstay of the provincial economy.

In this regard, he said that a plan was underway to integrate the entire province through road networks which would open up all sectors leading to job creation and overall prosperity and economic development of the province.

Published in The Express Tribune, September 1st, 2018.

<https://tribune.com.pk/story/1792477/1-k-p-cm-strive-greater-cpec-share-province/>

NEWS COVERAGE PERIOD FROM AUGUST 20TH TO AUGUST 26TH 2018
NO COMPROMISE ON KP'S SHARE IN CPEC: NA SPEAKER
RECORDER REPORT | AUG 20TH, 2018 | PESHAWAR

Speaker of National Assembly, Asad Qaisar has said that there would be no compromise on Khyber Pakhtunkhwa share in the China-Pakistan Economic Corridor (CPEC) and welfare of the people. He was addressing party workers who have come to receive him after his election to the coveted post of the speaker of the house of parliament, at Swabi Interchange of Peshawar-Islamabad Motorway on Sunday.

After Gohar Ayub, Asad is the second politician from Khyber Pakhtunkhwa who has been elected to this post. He was brought to his native village in a big procession by the party workers and the area was echoed with the slogans of Prime Minister, Imran Khan Zindabad, 'tabdeeli aye hai' and 'Neya Pakistan Mubarak Ho'. PTI leaders and workers said that the election of Asad and his nomination by the Prime Minister Imran Khan was really a great honour for the district. We feel proud over the contributions of Asad to the party.

"Now he is known as 'Speaker' in the district because he had remained speaker of KP assembly during the PTI government in the province. No one calls him by his own name," said Rangaiz Khan MPA. Addressing the gathering, Asad said that during the PTI government he had fought legal battle for KP share in CPEC and now when their party assumed power in centre there would be no compromise on the people welfare.

"It was great trust of Prime Minister to nominate me for the speaker slot. Really an honour has been endowed by Prime Minister to Swabi. I feel proud of that," he said. The youngsters of the country face the great problem of unemployment and the PTI government's top priority would be giving jobs to the educated youth to exploit their potential and capabilities in the economic prosperity of the country. "Giving jobs to the country youth is the top priority of the PTI government. We wanted to adopt a result-oriented strategy for the youth," he said. He said that he had held meeting with WAPDA officials and told them about eradication of power outages, which is one of their main objectives. The load shedding was not acceptable to the government but the officials told him about lack of staff and financial constraints.

"We would meet the financial demand of the WAPDA officials who were determined to deliver," he said. He said that before his nomination for the speaker slot, when he met with Imran Khan he told him that he was old party leader and contributed in the difficult time.

“The Prime Minister offered me the president slot but I told him that he would continue to work as party worker,” he said. However, he did not explain that why he refused to accept the president slot and how opted for NA speaker position. He lauded the people’s efforts who voted PTI to power. “What I am today it is because your (People’s) vote and I will never hurt your trust,” he pledged. He said that Prime Minister has given great importance to KP because the people of the province voted PTI to power for the second time. He said that incomplete projects in the district Swabi would be completed and new projects would be initiated soon.

<https://fp.brecorder.com/2018/08/20180820400873/>

NEWS COVERAGE PERIOD FROM AUGUST 13TH TO AUGUST 19TH 2018
BUSINESS COMMUNITY FOR INCREASING SEZs UNDER CPEC
AMJAD ALI SHAH | AUG 17TH, 2018 | PESHAWAR

Business community has demanded of the federal government and ministry of planning and reforms to increase special economic zones (SEZs) and hydel power generation projects along with schemes relating to trade and industries for Khyber Pakhtunkhwa under the CPEC.

The China Pakistan Economic Corridor is a game changer, which will make Pakistan a hub of business and economic activities, said Zahidullah Shinwari, President of Sarhad Chamber of Commerce and Industry (SCCI) while speaking at CPEC conference held at the chamber house here. The SCCI chief said that the CPEC is a joint venture of Pakistan and China, which would not only bring economic prosperity and development in Pakistan

but would also become catalyst for the regional development. He added the project will usher new era of industrial, agriculture and economic development as well as generate employment opportunities in the country. He said Pakistan will become major center of economic activities due to CPEC.

President Federation of Pakistan Chambers of Commerce and Industry, Ghazanfar Bilour, SCCI Senior Vice President Mohammad Naeem Butt, Vice President Malik Niaz Awan, Pak-Afghan Joint Chamber Vice President Faiz Mohammad Faizi, CPEC Project Director Hassan Daud and CPEC centre of Excellence Islamabad Executive director Shahid Rashid and members of the chamber executive committee, industrialists and traders were present during the conference.

Zahidullah Shinwari briefed the participants about main feature of the CPEC. He asked the business community to get ready for taking full benefits of the CPEC. He called for giving top priority to hydel power generation projects under the project to overcome with current energy crisis in the country.

While addressing on the occasion, Hassan Daud agreed with stance of the SCCI chief, saying that there was need to give priority to hydel power generation projects, but he said the efficacy of coal projects is also very high. He informed that Hattar and Rashakai economic zone projects in Khyber Pakhtunkhwa were included in CPEC. But, he said the Chinese official and companies were giving priority to the Rashak economic zone. He said that trade with Afghanistan and Central Asian countries along with the rest of region will get impetus through western route of the CPEC.

Shahid Rashid said on the occasion that CPEC has contributed 20.9 per cent in GDP during 2016-17, while it generated 22.6 per cent employment opportunities in the country. He added the industrialization grew up by 58 per cent due to the CPEC projects.

The official said the marble city project is also included in Special Economic Zone under the CPEC, through which high-quality marble and granite will be exported to China for refinement. Under the initial phase, he added the direct investment will come in the region while it would also generate employment opportunities as well. In the second phase, he informed that Rashakai special economic zone will be established followed by Hattar SEZs under the CPEC.

<https://fp.brecorder.com/2018/08/20180817400081/>

NEWS COVERAGE PERIOD FROM AUGUST 6TH TO AUGUST 12TH 2018

GOVERNOR INAUGURATES CPEC'S CENTRE OF EXCELLENCE

By Mohammad Zafar

Published: August 6, 2018

QUETTA: Balochistan Governor Muhammad Khan Achakzai on Sunday inaugurated the Centre of Excellence of China-Pakistan Economic Corridor (CPEC) at the Balochistan University of Information Technology, Engineering and Management Sciences (BUIITEMS).

Chinese Foundation of Peace and Development Deputy Secretary General Wang Hua, BUIITEMS Vice Chancellor Engineer Farooq Bazai, Khuzdar Engineering University VC Dr Ahsan Kakar, Loralai University VC Dr Maqsood and other experts in the field of education were present.

Balochistan main beneficiary of CPEC: governor

Addressing participants of the inaugural ceremony, Governor Achakzai said, "Pakistan shares durable and time-tested relations with China and is the first country that recognised China in the comity of nations."

He said, "China has become the second biggest economy of the world and the Chinese government has taken steps which helped hundreds of thousands of poor to rise above the poverty line."

He said China was continuously working towards achieving excellence in all walks of life.

"As many as one million people are being raised above the poverty line per annum in China which is deemed as a record in the world and the credit of this success goes to China and the Chinese Communist Party," the governor said.

"China doesn't lag behind any country in the field of information technology as it has introduced a system of artificial intelligence on competitive grounds," he added.

Balochistan governor for establishing more industrial zones

He said that China could play a role in introducing an industry of robots in the region.

He said, "CPEC will connect Pakistan with all developing and developed nations and this connectivity is the central point of this very project. In this regard, Gwadar holds key importance in connecting the Central Asian and African countries and making them shareholders in the process of peace and development."

He also lauded the fact that China had played a key role in connecting Afghanistan and Iran which would help making CPEC functional and connect the Central Asian Republics.

<https://tribune.com.pk/story/1774146/1-governor-inaugurates-cpecs-centre-excellence/>

SENATE BODY QUESTIONS RS22 BILLION SPECIAL FUND FOR CPEC PROJECTS

Khaleeq Kiani Updated August 07, 2018

ISLAMABAD: A Special Senate Panel on Monday questioned the creation of a Rs22 billion power sector revolving fund as a special arrangement to make preferred payments to power producers and investors under the China-Pakistan Economic Corridor (CPEC).

Senator Shibli Faraz of Pakistan Tehreek-i-Insaf, who heads a special senate committee on circular debt, said he was not against CPEC but wondered whether it was discriminatory to open up another head to the circular debt by ensuring 22 per cent payments to these projects for which the government would need commercial borrowing.

Zargham Eshaq Khan, Joint Secretary Power Division, agreed that this would be a commercial borrowing at Kibor plus 4pc rate but there was nothing his division could do except to execute the government-to-government agreement between China and Pakistan under CPEC that entailed such a requirement.

He said the revolving fund had not been actualised so far and the Power Division had moved a summary in which it has explained to the cabinet that at the time of CPEC signing, the Chinese power projects were guaranteed to receive 22pc payments in case of 78pc recoveries. However, the recoveries have improved since then and shortfall had declined to 10-12pc so the amount should also be revisited accordingly.

“This number should be reduced in line with the actual shortfall,” he said, while advocating this in a summary to the Cabinet which has to be decided upon by the caretaker cabinet or the incoming cabinet of PTI, as the case may be.

National Electric Power Regulatory Authority (Nepra) on Monday reported that distribution companies (Discos) of ex-Wapda were facing Rs170 billion annual loss due to theft and non-recoveries, leading to repeated recurrence of unmanageable circular debt as the government imposed Rs121bn surcharges a year on paying consumers.

In a testimony before the committee, Nepra Chairman Tariq Saddozai said the circular debt could not be overcome unless theft and inefficiencies were reduced and recoveries improved. As a consequence, the consumers may have to bear energy cost of Rs19 per unit instead of the existing average rate of about Rs11.50 per unit.

He said it was strange that the government paid over Rs157bn subsidy in 2015-16 while the regulator had accepted repeated demands of the government to allow it to retain about Rs99bn on account of falling oil prices in monthly fuel adjustments to consumers using less than 300 units per month.

Separately, another Rs80bn allowance was granted to Discos on account of higher losses, prior year adjustments and debt write-offs etc.

At the same time, an additional secretary of the Finance Division told the committee that his division had arranged Rs180bn financing from banks by providing a sovereign guarantee out of which only Rs80bn were paid on account of energy costs while the remaining Rs100bn were paid against capacity payments to the private producers.

Saddozai, FBR and the finance ministry had been called on repeated complaints by Discos before the special committee on circular debt led by Faraz that their financial problems emanated from delayed tariff determinations by the regulator and higher taxes charged by the FBR.

The committee was apparently surprised when Saddozai reported that Discos submitted their tariff petitions with a delay ranging from eight months to over a year beyond deadlines and struggled providing full record. He said the regulator issued five reminders to the Discos to submit tariff petitions but in vain.

He said once the determinations were finally issued, these were challenged through review petitions by Discos, then through reconsideration requests by the government and then stayed by the courts on the request of the government and Discos. Once the court settled the matter in another year, the government then took another five months to formally issue notifications.

Nepa called a meeting of the Discos as to consider how timelines should be reduced but only four out of 10 attended, showing their lack of seriousness. Representatives of the Discos, who were present, during the senate committee's meeting generally confirmed the contents of the Nepa chairman but some of them quoted their limitations in dealing with multiple regulators like the Securities and Exchange Commission of Pakistan and Nepa who had different requirements.

Faraz expressed his displeasure along with other senators that managements of Discos did not suggest solid proposals for addressing the circular debt issue. He said it was now getting clear that the tariff notifications are being delayed not because of the regulator but because of the power companies.

Central Power Purchasing Agency (CPPA) CEO Mohammad Imran reported that notwithstanding tariff adjustments, losses and recoveries, the CPPA was bound to make payments to power producers for the electricity they delivered to the Discos and delays cause bank borrowing at a higher markup. He said it was ironic that Discos suffered from accounting difficulties.

Faraz said the committee has been constituted to permanently resolve the circular debt issue and it was consulting with all the stakeholders to identify issues behind its accumulation. He asked the Discos to submit within three days their opinions on how the circular debt could be addressed.

Saddozai said under the law, permissible technical losses were 13pc in tariff but these currently averaged 18pc, causing Rs80bn annual losses. The Nepa was allowing 15.3pc losses. After allowing for technical losses, the companies should make 100pc recovery of the remaining 85-87pc electricity, but were recovering around 92pc.

Published in Dawn, August 7th, 2018

<https://www.dawn.com/news/1425426/senate-body-questions-rs22-billion-special-fund-for-cpec-projects>

NEWS COVERAGE PERIOD FROM JULY 30TH TO AUGUST 5TH 2018
CPEC TO HELP CREATE 1.2M NEW JOBS: STUDY
TANVEER AHMED

KARACHI: China-Pakistan Economic Corridor (CPEC) has the potential to create around 1.2 million jobs through its currently agreed projects and the number may go up with the inclusion of new projects under long term plan.

According to the latest study of CPEC Centre of Excellence, the CPEC projects, including energy projects, infrastructure projects, Gwadar Port and industrial cooperation proposed under nine Special Economic Zones (SEZs) in different provinces of the country will immensely help in shrinking the current 5.9 percent unemployment rate,

The study available with Business Recorder explored the different initiatives of CPEC namely; Energy, Infrastructure, Gwadar and Industrial Cooperation and the related projects. Around 42 major projects have been agreed under CPEC out of which 22 projects are in progress on the fast track whereas ten of these are already completed and it indicated and analyzed the employment under the projects which are completed or commenced.

The projection of jobs in infrastructure sector indicated that total investment in KKH Phase (Thakot-Havelian section) in KP created 7,800 direct jobs on this project out of which almost 6000 are given to Pakistani nationals and the remaining 1800 have gone to Chinese. Presently, Peshawar-Karachi motorway (Lahore-Multan section) has created a total of 17,246 jobs and is estimated to be increased. Out of the total number of 17,246 jobs, 16676 workers possess Pakistan's nationality and apart from these 96% workforce, remaining 570 workers belong to China.

Currently, among 51,580-strong labour force being used in projects relating to infrastructure of roads, only 3,780 are Chinese while rest of 47,800 are Pakistanis.

In railway infrastructure sector, an estimated 8 labours per kilometre are required for successfully running the system that means around 12,000 labours for 1500 km under these projects. The categories of skilled labour required for these projects include Signal Support Staff, Electrical Engineers, Project Managers, Communication Engineers, Electricians and Civil/ Construction Engineers. In energy sector, study took Sahiwal coal power project as a test case which is one of the first projects to be completed ahead of time, and it is running successfully in its operational phase. Keeping Sahiwal power plant as a benchmark for the upcoming projects, the number of employment generated in the construction phase of power generation projects is estimated to be 50,828 in 16 energy projects, while 22900 have been created under 5 energy projects which include coal as well as hydro projects, making a total 73,728 jobs via power generation projects, the study indicated.

In Gwadar, various projects under CPEC are estimated to create at least 0.1 million construction related labour force s besides the high qualified jobs at Gwadar Sea Port, Air Port and economic zone.

The Special Economic Zones (SEZs) are designed to use 70% of their area for industrial zones and the remaining 30% is allocated for the housing and employees' facilitation.

In aggregate, the area for 9 SEZs, proposed under CPEC is 9,400 acres. Out of which, around 4,500 acres of land is allotted for the Special Economic Zone of Faisalabad, which is expected to generate

0.6 million jobs. This leads to an estimate of 158 labour intensive jobs per acre of an industrial area under CPEC, study showed.

<https://epaper.brecorder.com/2018/08/05/1-page/731648-news.html>

September 2018

NEWS COVERAGE PERIOD FROM SEPTEMBER 24TH TO SEPTEMBER 30TH 2018 SAUDI PARTICIPATION 'TO PROVIDE NEW TRADE ROUTE'

BEIJING: Senate Standing Committee on Foreign Affairs Chairman Senator Mushahid Hussain Sayed has welcomed Pakistan's offer to Saudi Arabia to become the third partner in the China-Pakistan Economic Corridor (CPEC) framework, saying it would provide a new trade route between China and the Gulf countries.

"The corridor is not only meant for China and Pakistan, but it is a framework of the development and connectivity for other countries of the region and beyond as well," he told APP here before leaving for Islamabad on Monday after attending a conference on Belt and Road in China.

He said that Saudi Arabia was a brotherly country and its participation in the CPEC would prompt other countries of the region to join this multi-billion dollars flagship project of China's Belt and Road Initiative (BRI), which would be a good sign for peace and prosperity.

He said during the visit of Chinese Foreign Minister Wang Yi to Pakistan, both China and Pakistan had agreed that the corridor construction could absorb third-party participation and benefit the entire region.

To a question about the smooth progress of the CPEC under the new government, he said the entire nation had a consensus over the framework and expressed the confidence that it would continue as per schedule.

"Both the Chinese and Pakistani sides have expressed complete satisfaction over the progress of the CPEC and reached a new consensus on better promoting the construction of the corridor," he added.

He said the CPEC was a long-term plan and expressed confidence that as it moved forward it would bring about prosperity and peace in Pakistan as well as the region.

Senator Mushahid opined that the corridor would equally benefit the people across the country, saying that power stations, major highways and other development projects were being completed in all parts of the country.

"The key infrastructure development as well as the growth of industrial estates around the new routes will help connect the country and spread growth more equitably, raise living standard and increase the opportunity of employment for millions of people," he added.

Highlighting Pakistan's economic growth after joining the CPEC, he said that the projects under the framework had boosted Pakistan's economic growth by one or two percentage points every year, adding that the GDP growth rate remained 5.9 per cent, highest in the last nine years, because of investment from China.

Congratulating China on the completion of five years of the BRI announced by Chinese President Xi Jinping, he said that since the initiative was launched in late 2013, China had signed 150 cooperation documents with 106 countries and 29 international organisations.

The CPEC, the Pakistan leg of China's vast BRI, was a reality and the benefits of this flagship project were visible and it had ushered in a new era of economic development in Pakistan.

"We have overcome the shortage of electricity while a number of infrastructure projects are being completed in different parts of the country," he added.

Terming Pakistan a major beneficiary of its rich and deep relationship with China, he said that in recent years, the work being carried out under the BRI had become a game changer for Pakistan.

"A number of power generation projects have been completed in Pakistan. As a result, electricity load-shedding has reduced drastically. Infrastructure, road and transport projects are also being completed, while work to complete different facilities at Gwadar Deep Sea Port is progressing well. Around 70,000 locals have also got employment owing to the ongoing development projects under CPEC," he added.

He said the building of power stations, major highways, new and upgraded railways and higher capacity ports, fibre optic cable and airports would help turn Pakistan into a major overland route linking western China to the world.

He said that the BRI offers the prospect of enlarged trade, production and prosperity – not only for its 60 participating countries but also for the entire global community.

<https://tribune.com.pk/story/1810776/1-saudi-participation-provide-new-trade-route/>

NAB INKS DEAL WITH CHINA FOR CPEC TRANSPARENCY

By Our Correspondent

Published: September 25, 2018

ISLAMABAD: Justice (retired) Javed Iqbal, Chairman National Accountability Bureau (NAB) said that Pakistan and China have inked a Memorandum of Understanding (MOU) to work jointly for ensuring transparency in the China Pakistan Economic Corridor project.

He said that NAB is playing a vital role in recovering looted money from culprits adding that since October 2017, the organisation has recovered billions of rupees.

In a statement issued on Tuesday, the NAB chairman said the bureau is absolutely committed to eradicating corruption with iron hands.

"Due to its continued efforts, NAB has recovered Rs297 billion from corrupt elements and deposited it in the national exchequer which is a record achievement, said Iqbal adding that the anti-corruption watchdog is a role model not only for the country but also for the entire SAARC region.

He said that Pakistan is the only country in Asia whose corruption perception index is persistently on declining trend. The performance of NAB has been lauded by SAARC countries and NAB has been unanimously elected as head of SAARC Anti-Corruption Forum which is a great achievement.

The NAB chief further said a grading system has been started to review annual performance of its officers. Under grading system, performance of NAB Headquarters and NAB's regional bureaus is scrutinised on monthly, quarterly; midterm and annual basis and all regional bureaus are informed about their merits and demerits to overcome their shortcomings.

“I have decided to listen to people's grievances on last Thursday of each month,” announced the NAB chief, adding that a complaint cell has also been set up at each regional office.

He also said that concept of combined investigation team (CIT) has been implemented in NAB for effective working in order to prevent any influence on investigating officers.

<https://tribune.com.pk/story/1811373/1-nab-inks-deal-china-cpec-transparency/>

CPEC TO CHANGE SOCIOECONOMIC CONDITION OF GB PEOPLE: CHINESE AMBASSADOR

A Correspondent Updated September 27, 2018

GILGIT: Chinese Ambassador to Pakistan Yao Jing has said that the China-Pakistan Economic Corridor (CPEC) project will change the socioeconomic conditions of Gilgit-Baltistan people.

He said the project would provide trade, employment and education opportunities to the people of Pakistan in general and the GB in particular.

He stated these views while talking to Karakoram International University's Vice Chancellor Prof Attaullah Shah and Dr Saranjam Baig, Director CPEC Centre set up at the varsity, who called on him at the Chinese Embassy in Islamabad the other day, according to a press release issued by the varsity on Wednesday.

The Chinese envoy said CPEC Centre would become a place for CPEC research. He assured the delegation to cooperate for further improving the performance of the centre. The varsity vice chancellor briefed the ambassador about the completed and ongoing activities at the CPEC Centre. He also highlighted the strategic importance of the varsity in the context of CPEC.

The meeting stressed the need for building a long-term partnership among the CPEC Centre, KIU, Chinese Embassy and other stakeholders. Possibilities regarding exchange programmes, research grants and partnerships with Chinese universities also came under discussion.

The vice chancellor also shared his plans to upgrade CPEC Centre into a Centre of Excellence. He invited the Chinese ambassador to visit KIU, which he accepted.

Ambassador Yao Jing shed light on how they were incorporating the social sector and less-developed regions into the CPEC in line with the vision of the new government.

He assured that the CPEC Centre would be provided with all possible assistance.

Published in Dawn, September 27th, 2018

<https://www.dawn.com/news/1435304/cpec-to-change-socioeconomic-condition-of-gb-people-chinese-ambassador>

SAUDI ARABIA TO FINANCE THREE CPEC PROJECTS

Syed Irfan Raza Updated September 28, 2018

ISLAMABAD: The government of Saudi Arabia has signed three grant agreements with Pakistan to finance three road infrastructure and energy projects under the China Pakistan Economic Corridor (CPEC).

“These agreements have been inked in line with the understanding reached during Prime Minister Imran Khan’s recent visit to Saudi Arabia,” Information Minister Fawad Chaudhry told a press conference on Thursday.

The agreements were signed by the Saudi envoy and the officials of Pakistan’s finance ministry.

Minister says agreements on Reko Diq gold, copper mines and Gwadar oil refinery likely to be signed next week

“The first step has been taken as three grant agreements have been signed. This is a very positive step and bodes well for relations between the two countries,” the minister added.

Giving a briefing about the federal cabinet’s meeting held earlier in the day, he said that a high-level Saudi delegation would arrive in Pakistan on Sunday for materialising the deal between Islamabad and Riyadh.

More agreements would be inked next week between a high-level Saudi delegation and Pakistani officials, Mr Chaudhry said. The accords will be related to Reko Diq’s gold and copper mines and the oil refinery at Gwadar Port, and the delegation would comprise the Saudi investment team, minister for petroleum and minister for energy.

“During the prime minister’s recent visit, Saudi Arabian leaders including Crown Prince Muhammad bin Salman were eager to finalise the deal within days despite the fact that such deals require months for materialising,” the minister said.

It may be mentioned that since the prime minister’s visit to Saudi Arabia, the opposition has been asking the government to unveil the pledges made by Riyadh regarding mega investment and monetary assistance to Pakistan.

Afghan refugees

The information minister said that Prime Minister Imran Khan had issued directives that a comprehensive policy be designed for Afghan refugees living in Pakistan till June 2019.

He said 2.5 million Afghan refugees were residing in Pakistan of whom 2m were registered and the remaining ones were undocumented.

“There are only two ways to go about this issue: either we let things remain the way they are, or [do something about it]. There are 879,198 Afghan refugees living in Pakistan who have citizen cards issued by their country; 1,394,000 who have POR (refugee) cards; and 500,000 who are undocumented,” he said.

Afghan refugees have been given an extension for their stay in Pakistan till June for the renewal of their accreditation cards and the prime minister wants to see a comprehensive policy drafted before the next extension,” the minister said.

100 big defaulters

He said that the cabinet had decided to take action against 100 big tax defaulters. “The government will be launching a major operation soon against 100 major FBR (Federal Board of Revenue) defaulters”.

“The first stage of reforms in the FBR has been completed and details in this regard will be provided by Finance Minister Asad Umer next week,” Mr Chaudhry said.

To overcome the prevailing financial crisis in the country, he said, the government had set up the Financial Action Task Force and appointed Mansoor Hussain Siddiqui the director

general of the financial monitoring unit at the State Bank. Earlier the post was non-existing in the department.

He said former Justice Abdul Rauf had been appointed the new chairman of the Wage Board to decide within 120 days the matter of low and untimely-paid wages of journalists.

Mr Fawad said that the government believed that the right to information was part of its policy as only with the right to information and transparency journalists would have easy access to information.

The cabinet, he said, also declared that an anti-encroachment drive would be launched in Karachi to reclaim large swathes of land belonging to the Karachi Port Trust and the Pakistan Railways. “We are heading towards Karachi after getting vacated 6,000 kanals of state land in Islamabad,” he added.

Tax amnesty for tribal areas

The minister said that the federally and provincially-administered tribal areas, which were previously being run under independent systems outside the jurisdiction of Pakistani laws, would continue to enjoy tax amnesty for five years.

“This means that these regions will continue to enjoy the use of non-custom paid cars up to June 30, 2023. Similarly, residents (of the tribal areas) will be exempted from paying sales and withholding tax,” he added.

Mr Chaudhry said that all ministries had been instructed to not only stop making selective appointments, but also to desist from forwarding their ‘recommendations’ for candidates for other ministries.

He said that the prime minister had urged members of his cabinet to move towards more technologically-savvy practices and adopt e-communication practices, instead of wasting paper for printing agendas and budgets. "All ministries have been instructed to go paperless in our effort to become an e-government," he said.

He said that the IT ministry had been tasked with implementing the government's initiative and it would give a presentation in two weeks on this.

Later, Minister for Power Umar Ayub accused the previous government of the Pakistan Muslim League-Nawaz (PML-N) of leaving an acute financial and electricity crisis to the Pakistan Tehreek-i-Insaf (PTI) government.

He defended the PTI government even for increasing gas and electricity tariffs and said that as a result of faulty policies and decisions of the last government the country had come under huge burden of foreign and local debts.

Published in Dawn, September 28th, 2018

<https://www.dawn.com/news/1435470/saudi-arabia-to-finance-three-cpec-projects>

OIL & GAS SECTOR: UMAR INVITES KUWAITI BUSINESSMEN TO INVEST IN CPEC RECORDER REPORT SEP 28TH, 2018 ISLAMABAD

Minister for Finance Asad Umar Thursday invited the Kuwaiti businessmen to explore investment opportunities in Pakistan's oil and gas sector and projects under China-Pakistan Economic Corridor (CPEC). He said the Kuwaiti companies could help Pakistan in exploring Pakistan's huge oil and gas reserves which were yet to be explored.

The minister was addressing a meeting of Joint Ministerial Commission (JMC) with Kuwait here at a local hotel. The Kuwaiti side was headed by its minister for commerce Khalid Nasir Abdullah. Asad said that CPEC was a huge project of over \$50 billion out of which \$27 billion worth of projects were under implementation.

"We are in close collaboration with China with regard to implementation of CPEC projects and we want to further expand the corridor," he said adding, "We want all out friendly countries should join CPEC for the socioeconomic development of people of the region".

Speaking about bilateral trade, the minister said during last year, Pakistan's exports to Kuwait stood at only \$91 million which were far less than the true potential. "The two countries should increase trade cooperation to expand the bilateral trade volume."

He informed that by following the Japanese model, the Pakistan government had also kept commerce, investment, and industry under one window to make these sectors more effective and operational. Further he also asked the Kuwaiti side to make visa regime for Pakistan businessmen and workers easier to enhance the bilateral relations.

"Pakistani workers are contributing in development of Kuwait in diverse fields including information technology and oil and gas sectors." Asad Umar also stressed the need for development of private

sector of the two countries by enhancing cooperation between their chambers of commerce and industry.

The minister informed that in order to promote information technology sector, the government would set up new science and technology universities in collaboration with one of the world top Austrian university in this sector. He also invited the Kuwaiti side to take benefit from information technology sector in Pakistan.

Kuwaiti commerce minister in his address said the two countries were enjoying good brotherly relations since long and his country would continue to play role in development of Pakistan's socio economic development.

<https://fp.brecorder.com/2018/09/20180928410992/>

EIGHT MODELS PROPOSED FOR SEZs UNDER CPEC TANVEER AHMED SEP 30TH, 2018 KARACHI

A government institution has proposed eight financing models for development of Special Economic Zones (SEZs) under China-Pakistan Economic Corridor (CPEC) to achieve higher industrialization in the country. The eight financing options have been exercised in various countries of the world for successful development of SEZs, says a policy paper prepared by CPEC Center of Excellence who has shared it with all the stakeholders, including Board of Investment, Economic Division, State Bank of Pakistan, etc.

CPEC Center of Excellence's Executive Director Dr Shahid Rasheed told Business Recorder on Saturday that policy paper carries the recommendations of the center to various stakeholders in the government sector and includes wide range of aspects such as the financing models for SEZs in CPEC.

According to policy paper, eight financing models include Diaspora Investment, Public-Private Partnership, Carbon Tax, SEZs Fund, Consortium of Firms, Infrastructure Development Fund, Investment Funds and Action Foundation. Paper indicates that Diaspora investment can be one of the major sources of funding for the development of SEZs.

Developing countries are continuously formulating strategies to attract their Diaspora through economic zones. Pakistani Diaspora can also be attracted towards the development of SEZs through their management skills, technology and capital investment to establish the capacity at local level, it proposes.

The public private partnership is also an effective tool to finance the SEZs. In this form of financing, support and coordination from different private and public entities are required for mutual benefits. The carbon finance mechanism has the potential to channel new funds and develop green SEZs. Carbon taxes offer an incentive to governments, businesses and people to efficiently reduce the carbon emissions.

SEZs Fund involves the operators of Industrial Development Zones and local/foreign third-party investors. A SEZ fund intends to provide multiyear funding for the infrastructure of Special Economic

Zones and to enhance the growth of manufacturing sector through improvement initiatives, paper states.

Consortium of firms is association of different institutions, including international banks, development banks and firms. Member banks of consortium invest for the sustainable development in client countries in the form of loans and grants, it says.

The Infrastructure Development Funds can be one more option to raise funds for the development of SEZs. It is a special fund that can be created through contributions of Government, donors, and private sources for infrastructure development.

An Investment Fund mode is usually adopted for the development of Eco Industrial Parks (EIP). The funds can be channeled through small investors in the form of investment fund and it can be designed on the model of an enterprise fund. In Action Foundation form, the funds are generated from public, developers and EIP tenants. Usually, this type of foundation provides funds for the projects and programs related to the sustainable development, policy development, graduate fellowship and research on specific technology.

It indicates that main objective for the development of SEZs is to attract and strengthen the foreign direct investment. Therefore, to lure foreign investments in SEZs, incentives may be offered such as tax holidays, lower corporate taxes than domestic firms, exemption from local income taxes, residential visas and the work permits for foreigners, it suggests.

<http://fp.brecorder.com/2018/09/20180930411601/>

NEWS COVERAGE PERIOD FROM SEPTEMBER 17TH TO SEPTEMBER 23TH 2018
BAJWA DISCUSSES SECURITY, CPEC WITH CHINESE ARMY CHIEF
The Newspaper's Staff Reporter Updated September 18, 2018

ISLAMABAD: Chief of the Army Staff (COAS) Gen Qamar Javed Bajwa visited the headquarters of People's Liberation Army (PLA) and met PLA chief Gen Han Weiguo in Beijing on Monday. Both commanders discussed regional security environment, security of China-Pakistan Economic Corridor and bilateral cooperation.

According to a press release issued by the Inter-Services Public Relations, the PLA chief appreciated and acknowledged high professional standing of Pakistan Army displayed while combating terrorism.

He also appreciated the high degree of security being provided to CPEC by Pakistan Army.

The Chinese expressed his keen desire to benefit from Pakistan Army's combat experience and also expand bilateral cooperation.

Gen Bajwa thanked his counterpart for hosting him. He expressed that both armies had a history of cooperation and there were vast avenues for further enhancing the same.

Earlier, upon arrival at the PLA headquarters, Gen Bajwa was presented a guard of honour.

Gen Bajwa is scheduled to meet Vice Chairman Central Military Commission Gen Zhang Youxia on Tuesday (today).

Published in Dawn, September 18th, 2018

<https://www.dawn.com/news/1433569/bajwa-discusses-security-cpec-with-chinese-army-chief>

PAKISTAN EYES \$8B INVESTMENT FROM CHINA, SAUDI ARABIA

By Shahbaz Rana

Published: September 18, 2018

ISLAMABAD: Pakistan eyes nearly \$8 billion investment from China and Saudi Arabia, under the China-Pakistan Economic Corridor (CPEC), in road, energy and oil sectors, after the new government decided to pick schemes on their 'merits'.

Decisions are being taken after the Pakistan Tehreek-e-Insaf (PTI) government completed its internal review of the multibillion dollar strategic initiative and came to a decision to open the corridor for investment by other countries that are either members of the Belt and Road Initiative (BRI) or on friendly terms with China and Pakistan.

Priorities set for CPEC were not right in the past and some of the transport and road infrastructure projects were selected for phase-I of CPEC due to political reasons, said Federal Minister for Planning, Development and Reform Makhdoom Khusro Bakhtiar on Monday. He was speaking at a meeting of the Senate's Special Committee on CPEC, chaired by Senator Sherry Rehman of the Pakistan Peoples Party (PPP).

Officials of the planning ministry also confessed that the western route of CPEC was not funded by China – a stance that is contrary to earlier public statements and against the resolution passed by All Parties Conference.

While responding to questions raised by committee members, the minister said that the government has decided to reprioritise CPEC. He said that the imported coal-fired CPEC projects, mainly 1,320 megawatts (MW) Rahim Yar Khan, have been put on the backburner.

Instead, two new hydropower projects would be proposed to the Chinese authorities in the next meeting of the Joint Working Group on Energy for their inclusion in CPEC, said Bakhtiar.

These two energy projects include the 700-megawatt (MW) Azad Pattan hydropower project, having an estimated cost of \$1.4 billion and 640-MW Mahl hydropower project worth \$1.2 billion, said CPEC Project Director Hasaan Daud. Both these projects are located in Azad Jammu and Kashmir.

The committee was also informed that Pakistan will propose to include western route project (Dera Ismail Khan-Yarik-Zhob road) to the Chinese authorities. The cost of this project is Rs76.5 billion or \$612 million.

“The western route projects are not funded by China under CPEC,” admitted the project director of CPEC before the special committee of the Senate. He said that the rest of the four schemes are funded by Pakistan through the Public Sector Development Programme (PSDP).

Had national interests been supreme in the CPEC planning, the western route would have been given preference over the eastern route, said Senator Usman Kakar. He said that the eastern route was picked for construction due to Punjab-centric approach of the last government.

While responding to a question after the committee meeting, the planning minister said that Saudi Arabia can invest in oil refinery to be set up in Gwadar under the economic corridor. He said setting up oil refineries and petrochemicals sector in Gwadar was part of the PTI government’s plan to make Gwadar a hub of transshipment.

But the minister said that it was too early to say whether a memorandum of understanding (MoU) can be signed on Saudi oil refinery during Tuesday’s visit of Prime Minister Imran Khan to Jeddah and subsequent visit by Saudi Crown Prince Mohammed bin Salman to Pakistan.

Officials said there were discussions to set up an oil refinery in Balochistan of up to 100,000 barrels per day (bpd). Earlier, the United Arab Emirates (UAE) government had abandoned the project that had \$5 billion cost. Now the same refinery can be established by Saudi Arabia.

During his last days in power, former prime minister Shahid Khaqan Abbasi had also approved \$1.6 billion worth of incentives for UAE-based Abu Dhabi Petroleum Investment Company for setting up a refinery.

The CPEC project director said that work on all early harvest projects was supposed to be completed by December 2018, but some of them, including the Mainline-I project of Pakistan Railways, were falling behind schedule.

Bakhtiar said that the Main Line-I project, which has an estimated cost of \$8.2 billion, was also open for third countries investment. While responding to a question, the minister said that Germany and Japan have the expertise to complete such mega projects.

While speaking about the infrastructure projects, the minister said that even the eastern route was not financially viable and the government will have to use taxpayers’ money in future to keep this road functioning.

Although, the western route was completely ignored by the previous government, work on two roads of the eastern route was fast-tracked, with a progress of up to 71%, according to the planning ministry’s presentation. The project director admitted that a few roads on the western route that were funded from the PSDP were of low quality.

“The Orange Line Metro project and two eastern route roads should not have been in the first implementation phase of CPEC,” said Bakhtiar. He said that the government will try to monetise some of the sections of the eastern route.

Unfortunately, projects that had a completion period of more than five years were ignored by the last government due to political reasons, said the minister.

He emphasised that the economic and regional development and more importantly ground realities should be taken into account, while making long-term plans for the country. He said that it was unfortunate that not even one prioritised Special Economic Zone (SEZ) was operationalised in the last four years.

The parliamentary committee was informed that so far about 68,382 jobs were created under CPEC and out of them 58,325 employees were Pakistanis. About 10,057 Chinese were also employed on CPEC projects.

Published in The Express Tribune, September 18th, 2018

<https://tribune.com.pk/story/1805774/2-pakistan-eyes-8b-investment-china-saudi-arabia/>

SAUDI ARABIA SET TO BECOME THIRD PARTNER IN CPEC

The Newspaper's Staff Reporter September 21, 2018

ISLAMABAD: Saudi Arabia is set to become a third strategic partner in the China-Pakistan Economic Corridor (CPEC) project and has reportedly agreed in principle to invest heavily in Pakistan after it was formally invited to join the Beijing-sponsored mega venture.

The landmark announcement by Information Minister Fawad Chaudhry came in the backdrop of Prime Minister Imran Khan's visit to Saudi Arabia and the United Arab Emirates apparently aimed at convincing Islamabad's allies in the Middle East to help the government deal with a looming financial crisis.

"A high-level coordination committee has been constituted and it has the complete backing of the Saudi King, His Highness Salman bin Abdul Aziz Al-Saud, as well as the Crown Prince [Mohammad bin Salman] and PM Khan," said the minister, who was part of the prime minister's entourage during the trip, at a press conference here on Thursday.

A high-level Saudi delegation comprising ministers for finance and energy as well as business heads would visit Pakistan in the first week of October to work out details of a grand economic partnership, Mr Chaudhry said, adding that major investments from Saudi Arabia were expected

He said Saudi Arabia was the first major country to have been formally invited to become a partner in the CPEC. "Our strategic cooperation has been revitalised. We have assured the Saudi leadership that we will continue to provide security to their country and provide strategic support wherever needed," he added.

Information minister says high-level delegation from kingdom to visit Pakistan in October to finalise details

The information minister particularly pointed out that Pakistan's relations with Saudi Arabia and the UAE remained frosty over the past few years but their visit helped revitalise the bilateral ties.

While the UAE would send its economic team to Pakistan for further discussions in October, Abu Dhabi agreed to cooperate in a water supply project for Karachi, he announced. He said the visa-

related problems being faced by Pakistanis were also discussed during the meetings in Saudi Arabia and the UAE.

Earlier, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces Sheikh Mohammed bin Zayed Al Nahyan welcomed PM Khan and his delegation on their arrival at Abu Dhabi airport.

According to a statement issued by the Foreign Office, the visit of the PM-led delegation came in response to the invitation extended by the Crown Prince. Mr Khan was accompanied by Foreign Minister Shah Mehmood Qureshi, Finance Minister Asad Umar, Information Minister Fawad Chaudhry, Adviser on Commerce Abdul Razak Dawood and Foreign Secretary Tehmina Janjua.

The FO statement added that the visit helped strengthen the bonds of friendship between the regional countries and to reflect the depth of the historical relationship since Pakistan's establishment to the present day.

The Crown Prince congratulated PM Khan on his election and the peaceful transition of government in Pakistan. He wished him success in the implementation of his reforms agenda.

PM Khan expressed his sincere appreciation for the warm welcome and hospitality extended to him and his delegation. He extended an invitation to Mohammed Bin Zayed Al Nahyan to visit Pakistan on mutually convenient dates, which the latter happily accepted.

The two sides discussed cooperation in fields of mutual interest and agreed to work closely to develop them to benefit the people of the two countries which are interlinked with common traditions and values and strong historical relations.

The meeting discussed issues of regional and international dimensions, notably the fight against the spread of extremism and terrorism in the region and world by sustainable strategies to root out terrorism.

The two sides also discussed ways for strengthening economic cooperation, increasing bilateral investments and exerting all possible efforts to eliminate obstacles and overcome all difficulties that would obstruct the smooth flow of trade and investment between the two countries, as confirmed by the Emirati side that Pakistan is considered as an important trading partner of the UAE.

The UAE confirmed to maintain its efforts for development work in Pakistan.

Pakistan appreciated the initiative of His Highness Sheikh Mohammed Bin Zayed Al Nahyan to eradicate polio worldwide and the pivotal role of the UAE in supporting global efforts to eradicate this menace.

Taking note of the contributions made by Pakistani professionals as well as skilled and unskilled labour, the two sides acknowledged that they had been an important component of the UAE's success story.

The two sides discussed current issues of common interest in the region, both sides highlighted the importance of peaceful solutions to the crises in the region, the Pakistani side lauded the humanitarian role played by the UAE by providing generous assistance.

Both sides expressed their satisfaction over their views on issues of regional and global importance through the principles of tolerance, inclusiveness and the agenda focusing on development as guarantee to peace and stability in the region.

Mr Khan explained his vision of a peaceful neighbourhood and his government's efforts to assist Afghanistan for restoring peace and stability.

The PM also briefed the Crown Prince of Abu Dhabi about his efforts for peace and stability in the region and especially his desire for a dialogue with India for the settlement of all disputes, particularly the Jammu and Kashmir dispute.

Published in Dawn, September 21st, 2018

<https://www.dawn.com/news/1434179/saudi-arabia-set-to-become-third-partner-in-cpec>

FPCCI'S BMP HAILS SAUDI'S INTEREST IN CPEC

Recorder Report Sep 23rd, 2018 Lahore

The Businessmen Panel (BMP) of the Federation of Pakistan Chambers of Commerce and Industry (FPCCI) welcomed the Kingdom of Saudi Arabia investment in China-Pakistan Economic Corridor (CPEC) which would open another door of foreign direct investment into Pakistan. BMP Chairman and Former Minister of Commerce and Industries, Mian Anjum Nisar said Saudi Arabia is the first country that was invited to become third partner in the CPEC project. He said Saudi partnership in CPEC is being viewed as a major boost for cash-strapped Pakistan facing an economic crisis and critical balance of payments pressure.

Foreign debt repayments have left the country with less than two months of imports worth of foreign exchange reserves, he said. "It will help counter negativity about CPEC emanating from India and the United States, and it also highlights the importance of Pakistan as the pivotal player in regional economic cooperation," he added.

Anjum Nisar said that Kingdom is also expected to invest in the mega oil city project in Gwadar which is important for them. The 80,000-acres mega oil city at Gwadar will be used to transport oil from the Gulf region to China through the Gwadar Port that will reduce distance to just seven days from Gwadar to the Chinese border instead of the current 40 days besides catering to the Pakistan's needs. In response, the CPEC would provide the Saudis an opportunity to participate even better in world trade traffic, he maintained.

BMP Secretary General (Federal) Ahmad Jawad said Pakistan has come to play a pivotal role. The CPEC will be a virtual lifeline for China in the future whiles the US and India will exert multiple means of pressure to prevent its realization. At stake is not only Pakistan's strategic partnership with China but its own economic development that can ensure our genuine sovereignty, he said.

The government and people of Pakistan must recognize this reality and not fall prey to American machinations to sow mistrust between Pakistan and China to derail CPEC. Those deficiencies that exist in CPEC need to be corrected but the overall project must continue to be implemented. Together with China, Pakistan needs to defeat this assault on CPEC.

<https://fp.brecorder.com/2018/09/20180923409785/>

NEWS COVERAGE PERIOD FROM SEPTEMBER 10TH TO SEPTEMBER 16TH 2018
PAKISTAN, CHINA AGREE TO BROADEN CPEC BASE
Khaleeq Kiani Updated September 10, 2018

ISLAMABAD: Pakistan and China on Sunday agreed to formally invite “third-country” investors to be part of the \$60 billion China-Pakistan Economic Corridor and add social sector and regional development schemes to the existing portfolio of CPEC projects.

The understanding on addition of “two major dimensions” to the CPEC projects came about at a long meeting between the Planning, Development and Reforms Commission of Pakistan and the National Development and Reforms Commission (NDRC) of China on Sunday.

At the four-hour meeting, the Pakistani team was led by Minister for Planning Makhdoom Khusro Bakhtiar while the NDRC’s vice-chairman, Ning Jizhe, led the Chinese delegation. Planning Secretary Zafar Hassan, CPEC’s project director Hassan Daud and officials of the NDRC and Chinese Embassy also attended the meeting.

Sources said that Beijing wanted involvement in the upcoming special economic zones (SEZs) of countries friendly to both Pakistan and China because it wished to steer clear of adverse criticism, particularly from the US and India, about possibility of secretive deals that “remain beyond public eye”.

No country was specifically mentioned in this regard and Central Asian, European and other countries including Turkey, Russia and Saudi Arabia could invest in the nine SEZs proposed, said an official.

Gwadar to be ‘re-prioritised’ as hub of heavy industry

Gwadar would be re-prioritised as a centre of industries for export markets where these countries could invest alone or in partnership with Pakistan or China, to take advantage of the city’s trans-shipment potential and location apart from the free-zone incentives it offered.

The government led by the Pakistan Tehreek-i-Insaf (PTI) wished to include in the project portfolio social sector schemes — involving clean drinking water, health, education and technical training — to bring the huge initiative in line with Prime Minister Imran Khan’s priority areas of human development. This could be done by making some changes in the seven central pillars of the CPEC’s Long Term Plan.

The official, however, agreed that China and Pakistan had so far not been able to settle key issues about development of the Rashakai or Hattar SEZ in the first phase of industrial cooperation. Thus, it would be difficult to attract “third-country” investors immediately.

He insisted that the two sides would work from now on to achieve the big objective and recalled that even the basic issues of CPEC were not settled in the first meeting.

Mr Bakhtiar, he said, had already ordered the relevant agencies to take the various SEZ projects to the groundbreaking stage within three months as a lot of time had already been wasted.

“Realigning the goals of CPEC, Pakistan has introduced new targets of socioeconomic and regional development under this unprecedented mega project,” said the Planning Commission in an official statement.

The minister reaffirmed his government’s commitment to the CPEC and “categorically said that all-out efforts would be made for the success of this project of economic development and prosperity. CPEC is a reality... aimed at initiating a modern era of trade and economic growth”, said the statement.

To achieve the new targets, the government was dedicated to putting all its energies together to make progress at the earliest, said the official.

During the meeting, both the sides said that CPEC — “an icon of the Belt and Road Initiative” — was an engine of rapid growth for Pakistan and a manifestation of the strong Pak-China relations that would continue to promote inclusiveness.

The Pakistani team also told the visiting dignitaries that the PTI-led government accorded top priority to the development of Gwadar as a standalone project. The port city would be transformed into a trans-shipment hub and a centre for industrialisation with special focus on industrial units enjoying incentives that could produce a high rate of return.

The two sides agreed that industrial cooperation should be the main area of attention so that efforts were made to encourage relocation of Chinese industries with a view to increasing exports and maximising employment opportunities.

The Pakistani side said that progress had now been expedited and investors from across the world were being encouraged to populate the SEZs.

Mr Bakhtyar said his government intended to encourage projects based on indigenous sources of energy, including Thar Coal.

On the occasion, Mr Ning praised the PTI-led government’s agenda and its efforts for socioeconomic development of the country. He reiterated the commitment that Chinese companies would effectively work for completion of the CPEC projects.

The two sides also decided to further expedite key development projects in Gwadar and ensure groundbreaking this year of the New Gwadar International Airport, a technical institute and a hospital there.

Published in Dawn, September 10th, 2018

<https://www.dawn.com/news/1432000/pakistan-china-agree-to-broaden-cpec-base>

SOCIO-ECONOMIC, REGIONAL DEVELOPMENT: 'PAKISTAN INTRODUCES NEW TARGETS UNDER CPEC'
RECORDER REPORT SEP 10TH, 2018 ISLAMABAD

Realigning the goals of China-Pakistan Economic Corridor (CPEC), Pakistan has introduced new targets of socio-economic and regional development under this unprecedented mega project. "This development initiative would prove as a bright future for Pakistan", expressed Minister for Planning, Development & Reform (PD&R), Makhdum Khusro Bakhtyar in a marathon session with his counterpart, the Vice Chairman National Development and Reform Commission (NDRC) of China Ning Jizhe here on Sunday in Islamabad.

Secretary Planning, Zafar Hassan, Project Director CPEC, Hassan Daud and officials from NDRC as well Chinese Embassy also attended the meeting. Reaffirming the present government's commitment on CPEC, Minister PD&R categorically said that all out efforts to be made for the success of this project of economic development and prosperity. CPEC is a reality and bright future of Pakistan, aimed at initiating a modern era of trade and economic growth, he added.

He said that new dimensions are being added to take CPEC to further height. "To achieve the new set targets, the government is dedicated to put all energies together to make progress at the earliest," Makhdum Khusro Bakhtyar reiterated.

During the meeting, both the sides expressed their agreement that CPEC- an icon of Built and Road Initiative (BRI) is an engine of rapid growth in Pakistan and manifestation of Pak-China relations that would further promote inclusively. Both the countries agreed on introducing a mechanism to ensure 3rd country participation in CPEC.

Minister PD&R, Makhdum Khusro Bakhtyar said that the present government accords top priority to the development of Gwadar as a stand-alone project. The Port City is going to be transformed as a transshipment hub and a center for industrialization with a special focus on heavy industries with a kind of incentives that produce a high rate of return, he added.

Industrial cooperation is the main area of attention where efforts are being made to encourage relocation of Chinese industries with a purpose to ensure rise in export and maximize employment opportunities, Minister PD&R said. He highlighted that progress on special economic zones under CPEC has been expedited and investors from all across the world are encouraged to populate these parks.

Bakhtyar said that the government intends to encourage projects based on indigenous sources of energy including Thar Coal, hydel and renewable as the choice of local energy sources would reduce our import bill and guarantee cheaper energy.

On this occasion, the Vice Chairman NDRC, Ning Jizhe has lauded government's agenda and efforts for social and economic development of Pakistan and reiterated his commitment that Chinese companies would effectively work for completion of CPEC projects. He agreed to work closely with the new government to achieve the set targets.

The two sides decided to further expedite development projects in Gwadar and to ensure groundbreaking of New Gwadar International Airport, Technical Institute and Hospital this year. Pakistan and China have reached on a conclusion to develop transport infrastructure projects.-PR

<https://fp.brecorder.com/2018/09/20180910406195/>

NO ROLLBACK OF CPEC, PAKISTAN ASSURES CHINA

By Our Correspondent

Published: September 10, 2018

ISLAMABAD: Pakistan and China have reacted angrily to a report in the London-based Financial Times (FT) newspaper that quoted some cabinet ministers as saying that Islamabad is considering renegotiating some agreements signed with Beijing under the multibillion-dollar multibillion-dollar One Belt, One Road (OBOR) initiative.

“The previous government did a bad job negotiating with China on China-Pakistan Economic Corridor (CPEC) — they did not do their homework correctly and did not negotiate correctly so they gave away a lot,” Abdul Razak Dawood, the adviser to the prime minister on commerce and textile, was quoted as saying by FT in an interview.

A nine-member committee formed by the prime minister will “think through CPEC – its benefits and liabilities”, he added, according to FT.

Soon after the report was published, Dawood said parts of his interview had been taken out of context. He said he would present a clarification in the evening. “I run the risk of being misquoted once again if I present one right now,” he said.

Hours later, the commerce ministry issued a public rebuttal to the report. It said the news item was premised on “out of context” statements.

The document “rejected the report especially its title”. The ministry said both Pakistan and China had reiterated their “all-weather strategic partnership” and reaffirmed commitment to CPEC during foreign minister Wang’s visit.

“Pakistan reassured the Chinese side that CPEC is a national priority. China also highlighted the significance of CPEC... There is complete unanimity on the future of CPEC.”

Statements attributed to Dawood have been taken out of context and distorted. Pakistan-China relations are impregnable. The government’s commitment to CPEC is unwavering, it added.

Meanwhile China’s embassy in Islamabad also took notice of the FT report.

“The Chinese Embassy in Islamabad has taken notice of the report in Financial Times regarding remarks by the honorable Adviser Razzak Dawood on the CPEC as well as the clarification issued by the Ministry of Commerce and Textile of Pakistan,” it said.

“It is a firm consensus between China and Pakistan that CPEC is a mutually beneficial project and both the governments will carry it forward according to the needs of Pakistan and for the development of Pakistan,” the Embassy said in a statement.

“Such ill-intentioned reports based on distorted and misquoted information only demonstrate that the report contributor has total ignorance and neglect of the CPEC or China-Pakistan traditional partnership,” it added.

Earlier, the newspaper claimed that Islamabad is set to review deals concluded under Beijing’s Belt (BRI) and Road Initiative.

Top government functionaries said the Pakistan Tehreek-e-Insaf (PTI)-led government will look into BRI investments and renegotiate a trade agreement inked a decade earlier. The agreement extends unfair advantages to Chinese firms, they said.

Prime Minister Imran Khan has constituted a nine-member committee to evaluate CPEC – the most ambitious part of BRI. The \$62 billion-initiative includes a grand revamp of Gwadar, road rail links and power plants worth US\$30 billion.

Chinese Foreign Minister Wang Yi hinted at Beijing’s willingness to renegotiate the 2006 trade deal over a recent weekend visit. “CPEC has not inflicted a debt burden on Pakistan. When these projects get completed and enter into operation, they will unleash huge economic benefits.”

Dawood suggested placing “everything on hold for a year” till the government got its “act together. “Perhaps we can stretch CPEC out over another five years or so.”

Many functionaries support the idea of extending debt terms and spreading projects over a longer period of time in place of a blanket conclusion.

Islamabad is in the throes of a financial crisis. The government is mulling over a 13th International Monetary Fund (IMF) bailout with an under-pressure rupee rendering debt servicing arduous.

Finance Minister Asad Umar said he was “evaluating a plan that would allow Islamabad to avoid an IMF programme.” New loans from China and possibly Saudi Arabia may present an alternative.

Both, Umar and Dawood emphasised Islamabad would tread with caution over the CPEC review to not offend Beijing. “We don’t intend to handle this process like Mahathir,” told the publication.

<https://tribune.com.pk/story/1799826/1-pakistan-china-react-angrily-financial-times-report-cpec/>

ISLAMABAD, BEIJING REAFFIRM COMMITMENT TO CPEC

Baqir Sajjad Syed September 11, 2018

ISLAMABAD: Pakistan and China on Monday reaffirmed their commitment to the China-Pakistan Economic Corridor (CPEC) and resolved to extend the multi-billion dollar joint undertaking of the two countries.

This commitment was reflected in the statements issued from Islamabad and Beijing after a claim attributed to Prime Minister Imran Khan's adviser on commerce, textiles, industries and investment Abdul Razzak Dawood left the government red-faced and equally embarrassed the Chinese.

The Financial Times, quoting government ministers and advisers, reported that the Pakistan government was planning "to review or renegotiate agreements reached under China's Belt and Road Initiative". The publication quoted Mr Dawood as having said: "The previous government did a bad job negotiating with China on CPEC — they didn't do their homework correctly and didn't negotiate correctly so they gave away a lot."

The adviser went on to say: "Chinese companies received tax breaks, many breaks and have an undue advantage in Pakistan; this is one of the things we're looking at because it's not fair that Pakistan companies should be disadvantaged."

Adviser and Chinese embassy reject Financial Times story which quotes Dawood as saying govt plans to review Belt and Road Initiative accords

He said that a newly established CPEC committee would "think through CPEC — all of the benefits and the liabilities".

This controversy erupted soon after Chinese Foreign Minister Wang Yi concluded his three-day trip to Pakistan after engaging with the newly-inducted Pakistan Tehreek-i-Insaf government during which the Imran Khan administration vowed to keep the CPEC a top priority.

The Foreign Office in a statement said: "Pakistani leadership conveyed that CPEC was a national priority for the Government. Pakistan remains committed to the successful implementation of CPEC. There was complete consensus on the future trajectory of CPEC between Pakistan and China."

The FO said there was agreement on expanding the CPEC to new areas of cooperation, including socio-economic development, poverty alleviation, anti-corruption, agricultural cooperation and industrial development as per the needs and priorities of the country.

Chinese Foreign Ministry Spokesman Geng Shuang, in his regular media briefing in Beijing, said that it was decided that the future course of the CPEC was to be decided through negotiations in view of the new government's priorities and the needs of Pakistani people.

"Priorities will be given to speeding up industrial cooperation and livelihood projects, and we will gradually extend them to the western part of Pakistan and enable more Pakistanis to benefit from the CPEC," he said, adding that the aim of the CPEC was to benefit Pakistani people and deliver tangible benefits to the ordinary Pakistanis.

The Chinese embassy in Islamabad was, meanwhile, more categorical as it rejected the Financial Times report as "ill intentioned", saying it that was "based on distorted and misquoted information".

The embassy said that the report reflected what it called "total ignorance and neglect of the CPEC or China-Pakistan traditional partnership".

The embassy recalled the firm consensus between China and Pakistan that the CPEC was a mutually beneficial project and said that both the governments would carry it forward.

Published in Dawn, September 11th, 2018

<https://www.dawn.com/news/1432200/islamabad-beijing-reaffirm-commitment-to-cpec>

CHINESE MEDIA REACTS OVER FT'S REPORT ABOUT CPEC RECORDER REPORT SEP 12TH, 2018 BEIJING

Chinese media's took notice of the Financial Times' report on CPEC, and stated that Industrialization is most viable way-out for Pakistan to overcome its financial and socio-economic problems. Quoting the report, Chinese newspaper the Global Times said, the problems Pakistan is confronting are inevitable in the process of industrialization.

Quite a few developing countries are facing debt problems, a lack of funds, and are thus advancing industrialization in the face of great difficulties. But the only way to solve the puzzle is to keep pushing and boosting industrialization, instead of retreating from it.

As a Chinese saying goes, if you want to get rich, you have to build roads first. The "roads" in this proverb refers to infrastructure construction. Without electricity and transportation networks, it is impossible for any nation to develop manufacturing and logistics industries. The projects of CPEC, in this regard, can help Pakistan break the bottleneck in its development.

Western media tend to connect the debt crisis in countries along the BRI with China. But on Saturday last week, Chinese State Councilor and Foreign Minister Wang Yi, who was visiting Pakistan, tossed out specific numbers to clarify such speculation.

He said 47 percent of Pakistan's debt comes from multilateral financial institutions and among the 22 projects of the CPEC, 18 are directly invested in or aided by China, while only four are financed with China's concessional loans.

During Wang's tour, he articulated that China will encourage imports from Pakistan and work to broaden market access for Pakistan's agricultural products, and both sides will work to complete negotiations on a Free Trade Agreement by the end of the year.

The two sides also reached consensus to focus on helping to develop Pakistan's manufacturing industry as well as its independent development capabilities, so as to make more Pakistani people benefit from the CPEC. How should Beijing promote CPEC in the wake of these recent developments? Beijing will respect Pakistan's decision. It is Islamabad's choice whether to cut down some of its foreign cooperation based on its own capabilities

<https://fp.brecorder.com/2018/09/20180912406683/>

FOREIGN INVESTORS SEEK REVIEW OF CPEC, FREE TRADE DEALS By Our Correspondent

Published: September 13, 2018

ISLAMABAD: An advocacy group of multinational companies working in Pakistan has advised the government to review the China-Pakistan Economic Corridor (CPEC) and free trade agreements (FTA) in order to provide a level playing field for all stakeholders.

The Overseas Investors Chamber of Commerce and Industry (OICCI) has made these recommendations to Finance Minister Asad Umar. Foreign investors have also linked future investment plans with consistency in economic policies.

“There has to be a level playing field and wherever there is discrimination it should be addressed,” said OICCI President Irfan Wahab Khan on Wednesday while responding to a question on CPEC during talk with the media.

He said the foreign investors’ chamber also sought a review of free trade deals and bilateral investment treaties.

Businesses in Pakistan have been constantly complaining about the disadvantages of FTAs, particularly the China-Pakistan FTA.

The OICCI has also recommended reform and simplification of the tax system as well as broadening of the tax base through the use of data and technology.

The OICCI president pointed out that key challenges to the inflow of foreign direct investment (FDI) into Pakistan were ensuring stability in government policies and their implementation, especially on taxation.

Wahab said despite a challenging and unstable environment in 2017, OICCI members invested a record \$2.7 billion in expanding their businesses in Pakistan. This was on a par with the total FDI received in 2017-18.

The investment was 20% higher than the previous year and was mainly in energy, chemical and telecom sectors. “OICCI members contributed over Rs1 trillion in taxes,” said Wahab. “The 2017 OICCI members survey re-affirmed the confidence of existing foreign investors, who believe in the high economic and investment potential of Pakistan.”

In the survey, 130 out of a total of 190 members participated and reflected OICCI members’ total assets of \$90 billion with revenues of over \$36 billion in 2017.

The OICCI Security Survey, conducted in June 2018 and participated by foreign investors, has also acknowledged a significant improvement in the security situation of Pakistan supported by a substantial increase in the number of overseas visitors since 2014 including staff from overseas headquarters of leading MNCs.

“Foreign investors are confident that the new government will take some bold measures timely to steer the economy on a solid growth trajectory in line with its great potential,” he added.

“OICCI members have recommended measures to boost business confidence through policy announcements on matters relating to taxation, debt management, reforms in tax bureau and tax system, measures to boost the FDI as well as improving ease of doing business in Pakistan.”

Pakistan currently attracts very low FDI which constitutes less than 1% of its gross domestic product (GDP) against an average of 3% in regional countries.

Wahab emphasised that the OICCI was positive about a substantial growth in the FDI, in addition to CPEC investment, due to the competitive advantage for Pakistan supported by a more focused approach by the government towards growth-oriented economic and trade policies.

The need to continue aggressive documentation of the economy to broaden the tax base will significantly strengthen the revenues of the country.

Furthermore, there are immense opportunities to transform the country into “Digital Pakistan” with the objectives of improving the ease of doing business, enhancing transparency and improving government-to-government and government-to-citizen services, thereby encouraging long-term investment into the services sector and export-oriented industries.

The OICCI was committed to supporting the government in managing many of the challenges through active engagement and support on many fronts including standing up for Pakistan at international and national forums to share success stories and experience of its members.

Published in The Express Tribune, September 13th, 2018.

<https://tribune.com.pk/story/1801789/2-foreign-investors-seek-review-cpec-free-trade-deals/>

CPEC TO BE OPENED TO OTHER COUNTRIES: MINISTER

Khaleeq Kiani Updated September 14, 2018

ISLAMABAD: Criticising the last PML-N government for what it called wasting a lot of time, the PTI government on Thursday announced that it would speed up implementation of the \$62 billion China-Pakistan Economic Corridor (CPEC), open it to other countries and hire international consultants for financial modelling of future projects.

Speaking at a news conference after a meeting held to review progress of CPEC-related projects, Minister for Planning and Development Makhdoom Khusro Bakhtiar played down some critical comments about Chinese loans in the CPEC portfolio, but hinted at exploring new financing options for future projects.

Chinese Ambassador Yao Jing also attended the 56th quarterly progress review meeting.

Responding to a question about the possibility of re-negotiating with China for rescheduling of loans to prolong repayment period under CPEC projects, the minister said China had executed \$6bn infrastructure projects through loans and their repayments were not due before 2021.

He said Chinese loans were among the \$95bn total outstanding foreign loans and the government would meet all financial obligations on Pakistan. He criticised the PML-N government for

constructing motorways and roads at a cost of \$6bn and the Lahore Orange Line Train project at \$2.5bn, but putting the critical Main Railway Line (ML-1) project worth \$9bn on the back burner.

Says government will expedite implementation of \$62bn corridor project, hire international consultants for financial modelling of future schemes

“We have decided to conduct a study for exploring new mode of financing in order to undertake future projects on a build, operate and transfer basis, instead of the existing mode of engineering, procurement and construction contracts by securing loans,” he said, adding: “We are working on financial modeling of future projects.”

Mr Bakhtiar, who was a PML-N lawmaker in previous parliament, said the PTI government had decided to abandon future energy projects based on imported coal, perhaps not knowing that the ban on all future projects based on imported fuel was imposed in August 2016 when it emerged that already contracted projects would be enough to meet the immediate energy crisis. The minister, however, clarified that the ongoing power projects like those at Sahiwal and Port Qasim would continue to function and would remain operational.

He said the government also decided to create a business council to have larger input and consultations to take the CPEC to a higher trajectory, particularly through industrialisation and the maritime sector. “We have decided to establish new joint working group for social economic development where projects related to education, health, vocational training and capacity building will be firmed up.”

Responding to a question, Mr Bakhtiar said power sector circular debt was the biggest challenge Pakistan faced at the moment, adding that no energy policy could succeed unless power distribution companies were turned around. He said energy mix would also be changed as the last PML-N government had focused only on power generation but ignored transmission and distribution that resulted in piling up of circular debt.

The minister said the government had taken important decisions regarding the CPEC, including the ongoing projects of energy and infrastructure which would be completed under the early harvest programme. The industrial cooperation, he said, would be boosted because manufacturing base had shrunk in the country.

Mr Bakhtiar said the last government had wasted five years whereby it could not focus on development of Gwadar and ML-1, adding that the new government would open up for investments in Gwadar by countries, other than China and Pakistan. He said Pakistan was infrastructure deficient and required \$200bn to meet infrastructure requirements.

The minister said the government would hire independent consultants for devising best design and execution plan for projects like ML-1 because it was necessary to have best possible advice with a cost of \$2-3 million before executing them. He said the previous government’s catch-up mode compromised bargaining position, but now studies would be done before visiting China in November or December this year for the next Joint Working Group meeting.

<https://www.dawn.com/news/1432875/cpec-to-be-opened-to-other-countries-minister>

BALUCHISTAN TO TAKE UP NFC, CPEC ISSUES WITH CENTRE

The Newspaper's Staff Correspondent Updated September 15, 2018

QUETTA: The coalition government and the opposition in Balochistan have decided to take up long-standing issues with Islamabad which include delay in announcement of the 8th National Finance Commission (NFC) award, western route of the China-Pakistan Economic Corridor (CPEC) and other problems facing the province .

An hours-long joint meeting was held on Thursday with Chief Minister Jam Kamal Khan Alyani in the chair. Provincial ministers, Sardar Muhammad Saleh Bhootani, Sardar Abdul Rehman Khetran, Mir Zahoor Ahmed Buledi and ANP's Asghar Achakzai represented the coalition partners while the opposition team, led by Sanaulah of the BNP-M, included Advocate Malik Sikandar Khan of JUI-F and Nasrullah Khan Zerey besides other opposition members.

The meeting observed that the previous government had failed in protecting the interests of the province in CPEC projects, including the implementation of western route, setting up of industrial zones and other matters. The meeting resolved to approach the federal government to induct the Balochistan's point of view while revisiting the process of CPEC projects. Terming the CPEC projects important for the province's development, participants of the meeting decided to evolve a joint stance on the implementation of CPEC projects.

CM says his government will take opposition parties into confidence on all issues

Meanwhile, opposition members expressed their reservations over the agreements signed by the former government in regard to Saindak and the Pakistan Petroleum Limited (PPL), and also showed their dismay over the Public Sector Development Programme 2018-19 (PSDP). They demanded revisiting of the PPL accord and the PSDP.

Voicing concern over delay in the announcement of NFC award, the participants affirmed to approach the federal government soon as the province was facing serious financial crisis. The government and the opposition stated that they were on the same page on important issues.

Chief Minister Alyani said that the coalition government would take opposition parties into confidence and will give importance to their views and suggestions on all matters.

He said that it was their joint responsibility to solve the problems being faced by the province. "It is good for the province that opposition parties also feel their responsibility for resolving the issues," Jam Kamal said, adding that the government would welcome positive suggestions from the opposition.

Referring to opposition parties' reservations on land issues, Mr Alyani said that a comprehensive land policy would be evolved in view of opposition's suggestions to ensure protection of land belonging to local tribes, common men and the government. Reservations of the opposition on CPEC, Saindak and PPL would also be removed, he added.

The de-limitation of union councils, he said, would be conducted according to the population ratio for next local bodies elections and in light of opposition's suggestions to ensure that injustice was not done with any constituency.

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<https://www.dawn.com/news/1433037/balochistan-to-take-up-nfc-cpec-issues-with-centre>

CHINESE GOVERNMENT COMMITTED TO COMPLETE CPEC: CG RECORDER REPORT SEP 15TH, 2018 KARACHI

Chinese authorities are keen to complete the multi-billion China-Pakistan Economic Corridor (CPEC) projects fulfilling all their commitments made with the Pakistan's former government. Chinese Consul General Wang Yu said this in a meeting with Sindh Chief Minister Syed Murad Ali Shah, held at the CM House, here on Friday.

He also evinced interest in some non-CPEC projects such as installation of desalination plant, construction of treatment plants and development of sewerage system. "Chinese authorities are also interested in working with Sindh government in canal lining," he said.

CM Murad Shah told him that he was taking up the projects of Karachi Circular Railways, Dhabeji Special Economic Zone and Ketu Bandar where he had left them at the conclusion of his previous tenure as chief minister. He asked Chinese authorities must support him.

"KCR project is the most important for Karachi. It was included in the CPEC and then delayed due to some reasons but now time has come to take it up once again," he said, adding that the project of Ketu Bandar and Dhabeji SEZ were also listed among priorities. He told Chinese consul general that land has been allocated for the special economic zone (SEZ) at Dhabeji and funds have been allocated for the development of its infrastructure.

Sindh Chief Minister asked his Principal Secretary Sohail Rajput to direct Board of Investment and P&D department to further coordinate with Chinese Consulate General in Karachi and begin working on the proposed projects.

<https://fp.brecorder.com/2018/09/20180915407905/>

PAKISTAN KEEN TO START CPEC'S NEXT PHASE By Shahbaz Rana

Published: September 15, 2018

ISLAMABAD: Pakistan plans to give a new push to slow-moving projects being executed under the China-Pakistan Economic Corridor (CPEC) during the upcoming visit of Prime Minister Imran Khan to China.

Islamabad may also request Beijing to sign agreements for the next phase of the multibillion-dollar cooperation between the two countries.

“The Cabinet Committee on China-Pakistan Economic Corridor (CCOCPEC) on Friday started deliberations on the deliverables of PM Khan’s visit to Shanghai, which is scheduled for November this year,” said officials at the Ministry of Planning and Development.

Minister for Planning and Development Makhdoom Khusro Bakhtiar chaired the first meeting of the committee in which the projects located in Gwadar that could be taken to their next implementation stage were discussed.

The Chinese government has invited Prime Minister Khan to attend the China International Import Expo. Pakistan is the guest of honour at the conference to be attended by members of the Belt and Road Initiative.

It will be the prime minister’s second foreign visit, and the government wants to make it a success. The prime minister is leaving for Saudi Arabia on coming Tuesday in his first foreign visit.

The planning ministry officials said the next phase agreements of 300 megawatts coal-fired Gwadar power project and socioeconomic development schemes could be signed during the prime minister’s visit. More deliverables would be worked out during the joint working groups of CPEC meetings.

The cabinet committee instructed the conveners of all the groups to submit a detailed agenda till the 30th of this month for approval, according to a handout issued by the planning ministry after the meeting.

It added that the joint working groups meetings were planned to be convened in October. There are five working groups: planning, energy, transport, Gwadar and industrial parks.

Planning Secretary Zafar Hasan gave an overview of the ongoing projects and rundown of the schedule of the upcoming events, leading to the 8th Joint Cooperation Committee (JCC).

The cabinet committee endorsed the government’s new priority list of CPEC. The committee decided to prioritise development of Gwadar, Special Economic Zones, Pakistan Railways \$9 billion Main Line 1 project, inclusion of social sector development and third-country participation in CPEC, according to the official handout

The committee – the highest bilateral decision-making body – has planned to hold its 8th meeting in the first week of December in China, declared the planning ministry.

The PTI government has undertaken an internal review of CPEC aimed at making it more representative of the aspirations of the people.

Also, the Chinese ambassador on Friday met PM’s Adviser on Textile and Industry Razak Dawood. Both the sides agreed to work more closely to build a brighter and prosperous future for the region, according to a statement issued by the minister’s office after the meeting.

The meeting was held days after The Financial Times reported that Pakistan was considering a review of the CPEC agreement with China. The newspaper quoted the adviser as saying that CPEC should be halted for at least one year.

Meanwhile, the 8th JCC will review progress on the implementation of decisions taken during the 7th JCC that was held in November last year.

The officials said progress could not be made on most of the issues that had been decided in the last JCC meeting.

At present, 22 projects worth \$28.6 billion are under various phases of implementation under CPEC. They include energy projects estimated at \$34.8 billion, road projects at \$5.8 billion, ML-1 at \$9 billion and Gwadar port and city projects.

The 7th JCC meeting had agreed to resolve the issue of the revolving fund, which was to be set up to make energy payments to Chinese investors. However, the issue remains unresolved till date.

In a related development, the Pakistan Private Infrastructure Board extended the deadlines of a few projects that were falling behind schedule.

The deadlines on ML-I project could not be met. Both the sides agreed to finalise the preliminary design of the project by November 2017 that remains outstanding.

The framework agreements on two Balochistan road projects could not be signed.

Progress on four provincial road projects – Mansehra-Muzaffarabad-Mirpur Motorway, Gilgit-Shandur-Chitral Road, Naukundi-Mashkhel-Panjgur Road and Ketu Bandar port development – could not be made either.

The greater Peshawar Mass Transit Circular Rail and the Quetta Mass Transit projects also remained on papers during the past one year.

The resolution of the Gwadar Water supply scheme of five million gallons per day had been declared an urgent priority by the 7th JCC. So far, no tangible progress has been made.

Bottlenecks to the construction of 300 megawatts Gwadar coal-fired power plant could not be removed, and Pakistan now wants to address it during the prime minister's visit.

China and Pakistan had also agreed to start construction on the New Gwadar International Airport within six months of signing of the implementation agreement. But work on the project has yet to be started.

However, a Chinese delegation is expected to visit Pakistan soon to discuss the airport project, the officials said.

Similarly, four out of nine prioritised Special Economic Zones have also remained stuck for the past one year.

<https://tribune.com.pk/story/1803731/1-pakistan-keen-start-cpecs-next-phase/>

The writer is a former Pakistan ambassador to the UN.

OVER the past year, the Western media, echoed by many in India and some in Pakistan, has conducted an extensive campaign of criticism against the China-Pakistan Economic Corridor (CPEC) project. It has been variously asserted that the project is building roads that are not needed; it will only facilitate China's trade and bring little benefit to Pakistan; it will burden Pakistan with enormous foreign debt, and so on.

This campaign gained momentum after US Defence Secretary James Mattis remarked that CPEC would traverse 'disputed territory' (meaning Gilgit- Baltistan) and former US Secretary of State Rex Tillerson questioned the financial structure of projects under China's Belt and Road Initiative. US opposition to CPEC seemed to be confirmed when in July the current Secretary of State Mike Pompeo argued that an IMF financing programme for Pakistan should not be used to repay Chinese 'bond holders' and banks.

The US stance was interpreted widely as part of its strategic confrontation with China (spanning trade, technology, the South China Sea) and an additional point of pressure to secure Pakistan's compliance with American demands on Afghanistan.

The US has several tactical and strategic reasons to cooperate with China and support CPEC.

The state secretary's remarks redoubled the doubts within the incoming Pakistani government about the wisdom of approaching the IMF to achieve the urgently required stabilisation of Pakistan's economy, especially its external imbalances. In an interview, Finance Minister Asad Umar stated that 'if we choose not to go to the IMF', it will not be because of the expected 'economic pain' but because of 'non-economic' and 'national security' considerations.

Prior to the elections, PTI leaders had spoken of the need to review some of the CPEC projects and to prioritise the social objectives espoused by the party. China was naturally anxious that between this desire for a review by the new government and the Western media onslaught, the CPEC project, which is the flagship of President Xi Jinping's Belt and Road Initiative, may be derailed.

CPEC was a major item on Chinese Foreign Minister Wang Yi's agenda for his recent visit and talks with the new Pakistani government. Any doubts regarding Pakistan's position on CPEC were laid to rest in the public and private assurances conveyed by the prime minister, foreign minister and the COAS to the Chinese foreign minister.

But the Western media has persisted in its campaign. The Financial Times published an article entitled 'Pakistan rethinks its role in Xi's Belt and Road plan', printed the day after the Chinese foreign minister's visit. It quoted purported remarks by Pakistan's trade adviser expressing disquiet about the 'disadvantages' of some CPEC agreements which Pakistan intends to 'renegotiate'. The commerce ministry immediately issued a strong rebuttal stating that there was "complete unanimity" between China and Pakistan on CPEC's future direction and affirmed the Pakistani government's commitment to CPEC.

Even after this, the Wall Street Journal offered an article asserting that Pakistan is 'pressing' China 'to realign the goals' of CPEC 'to take on poverty-alleviating initiatives and build factories'.

In fact, the projects included under CPEC were those identified by the previous PML-N government. China has consistently expressed readiness to reflect the priorities of the new government for social infrastructure and poverty alleviation projects. An agreement to make these and other adjustments was in fact reached a day ago by Pakistan's planning minister and deputy head of China's National Development and Reform Commission.

Meanwhile, Pakistan's information minister told the press that during his talks in Islamabad, the US secretary of state had assured that the US will not block an IMF financing programme for Pakistan. This implies a lifting of US objections to the servicing of Chinese debt (which is a fraction of debt to Western financial sources).

A video, circulating on the internet, evidently sponsored by the Wall Street Journal, projects Pakistan and CPEC as the fulcrum of US-China strategic competition. Yet, the Western media may be 'more royal than the king' if not dead wrong. Rather than being the focus of competition, Pakistan and Afghanistan may be one area where the US and China could cooperate rather than compete.

The US has several tactical and strategic reasons to cooperate with China and support CPEC.

First, the US needs China's support to realise a political settlement in Afghanistan. The US and China are both working in parallel to improve Pakistan-Afghanistan relations. China also has close contacts with the Afghan Taliban. It desires, like the US, to eliminate all terrorism emanating from Afghanistan. It can make large investments in Afghanistan. And it can moderate any disruption of a political settlement by Iran, Pakistan and even Russia.

Second, the extension of CPEC to Afghanistan would contribute to its 'connectivity' to Central Asia, China and beyond, and foster its development and stability. Moreover, if India joins CPEC (eventually), it will gain access to Afghanistan and Central Asia (which Pakistan has staunchly resisted so far). Both objectives are part of the US strategy for South Asia. While noting the new Pakistan government's commitment to CPEC, the Chinese foreign ministry spokesman significantly added that the construction of CPEC "can absorb third party participation and benefit the entire region".

Third, CPEC is essential for the stabilisation and growth of the Pakistani economy. The US will no doubt pressure Pakistan to do its bidding on Afghanistan. It will push Pakistan to bend, not break. In the ultimate analysis, a 'failed' nuclear Pakistan is not a palatable prospect for either the US or China. China's assumption of the onus for Pakistan's economic stabilisation is not a bad bargain for the US.

These considerations may not be accepted at present by vengeful US generals, intelligence operatives and ideologues, smarting from their failure in Afghanistan. They are better understood by US foreign policy professionals. Indeed, the Obama administration expressed support for CPEC.

The major opposition to CPEC, going forward, will emanate from a chauvinistic Indian regime which sees the sponsorship of terrorism in Balochistan and unrest in Gilgit-Baltistan as a smart strategy to restrain Pakistan's support for the Kashmiri freedom struggle. Yet, given the tectonic shifts in strategic alignments in the entire Asian heartland, and the opportunities for an economy-led normalisation across the region, India may be shooting itself in the foot.

The writer is a former Pakistan ambassador to the UN.

Published in Dawn, September 16th, 2018

<https://www.dawn.com/news/1433210/cpec-and-the-great-game>

CPEC ROUTE: PROTESTERS DEMAND PAYMENT OF COMPENSATION

By Zubair Ayub

Published: September 16, 2018

ABBOTTABAD: In what appeared to be a peaceful protest by local residents expressing their grievances for not having been compensated for their land acquired by CPEC and NHA the situation turned ugly when police resorted to unwarranted baton charge on the unarmed protestors.

Even women were not spared and police arrested a large number of protestors who were sent to lock up.

It was reliably learnt that police have charged them on some sections of the anti terrorism act along with sections of creating hurdles against government work.

Efforts were being made to ascertain the details of the sections cited for cause of arrest, however, officials of Cantt police station and City police station declined to disclose details of the arrest.

Abbottabad DPO could be contacted on his cell phone by this scribe.

It should be noted that NHA and district administration has forcefully acquired land and houses from local residents of village Thanda Mera, Salhad and Jabrian area but they have not been not paid land compensation as per market rates and it was alleged by the protestors especially females and elderly women that market price of the land is at least ten times higher and they are being paid a pittance which is just peanuts and not enough to acquire new land let alone construct a house on it.

It is not even enough to make a down payment of two months rent of a small kuthca house.

They said that they are not against CPEC but it will be hard for them to get sufficient amount for their sacrifices as their house and land falls on the main CPEC route which connects the main KKH and Pak China Corridor with entire country.

They further charged that due to protest and resistance by the local people who all are complaining about the high-handed and negative attitude of the district administration and police, work remained suspended for more than three months.

Now, resolving their problems, work on the project has resumed.

The people are being deprived of their only inherited wealth, while some had acquired land and had constructed houses after spending their entire life savings have now been rendered homeless.

The families with children are holding rallies daily and are threatening self immolation with entire family against the excesses of NHA, district administration and police.

At village Salhad and its surrounding areas residents have threatened mass suicide if they are not paid the adequate compensation

Affectees have demanded from Chief Justice of Pakistan Saqib Nisar, Prime Minister Imran Khan for their kind intervention to provide them justice.

Published in The Express Tribune, September 16th, 2018.

<https://tribune.com.pk/story/1804363/1-cpec-route-protesters-demand-payment-compensation/>

NEWS COVERAGE PERIOD FROM SEPTEMBER 3TH TO SEPTEMBER 9TH 2018

THE BELT AND ROAD INITIATIVE REVISITED

By Shahid Javed Burki Published: September 3, 2018

The writer is a former caretaker finance minister and served as vice-president at the World Bank

Placing the Chinese financed multi-trillion dollar Belt and Road Initiative in the context of the rapidly-changing global order, it is not surprising that many Western commentators view it with great suspicion. In an article contributed to the pages of the newspaper he once represented in the Chinese capital, John Pomfret provided what appears to him to be the rationale for the Chinese moves. His interpretation is different from the one the Chinese leadership provides. President Xi Jinping and his associates see the BRI as an effort to connect the world in which all countries that lie along the route will benefit. Pomfret, on the other hand, sees imperial intentions behind the Chinese move.

He analyses the financial problems some of the intended beneficiaries have bought for themselves. Montenegro, for instance, took Chinese money, labour, construction materials and engineering to build a highway from its Adriatic port towards Serbia. “But now with the highway less than halfway built, the tiny Balkan nation faces the prospect of incurring debt of more than 80 per cent of its gross domestic product.” And “Sri Lanka was so indebted to China after approving a string of ambitious projects that it was forced last year to lease a port in Hambantota to a Chinese company for 99 years.” Laos and Cambodia are also heavily indebted to China.

The writer is also critical of the Chinese approach to housing the people who are working on the BRI projects. Pakistan, he says, is reportedly the site of a Chinese-only community near the port of Gwadar. In addition, Chinese firms, worried about terrorism and kidnapping, employ thousands of security personnel who appear to act outside of Pakistani law. This way of doing business reminds the writer of the way the British operated during the colonial period. According to a study done by Harvard University’s Kennedy School, former Australian foreign minister Gareth Evans is quoted as saying that Laos and Cambodia are wholly-owned Chinese subsidiaries. Pomfret’s conclusion after examining this record: “China’s activities provide an example of debt trap diplomacy in that Beijing angles for influence overseas by bankrupting partners and bending them to its will.” The Chinese have called their system “socialism with Chinese characteristics”, Pomfret reminds his readers. “Perhaps imperialism with Chinese characteristics makes more sense,” he concludes. To me this criticism is based on a strong anti-China bias.

Unlike the previous government, the one headed by Prime Minister Imran Khan is taking a great deal of interest in the CPEC investment programme. It matters for Pakistan if its implementation knits together the country's various parts. There are several areas in the country that have fallen behind because of poor connectivity. Southern Punjab, rural Sindh and most of Balochistan are relatively backward because of poor connections with the country's more advanced parts. I saw this myself when in 1963 I was appointed the Sub-Divisional Magistrate of Shujabad, not far from the large and bustling city of Multan. But proximity to Multan did not lead to Shujabad's economic advance. There were no motor-able roads in the area and if I needed to travel to some part of the sub-division, it could only be done on horseback. My cook, who accompanied me, used a camel to transport himself and his supplies.

That government road connections provide important economic rewards was pointed out to me by a senior official working for Metro, the European retail giant that operates half a dozen large stores in Pakistan. I asked him how the firm was doing in Pakistan. He said it was doing reasonably well but would do even better if there were better road connections between the main points of supply and his processing centres. He was impressed with Pakistan's agricultural potential; it had the means to provide high-valued processed and packaged foods to the rich markets in the country's neighbourhood. That could only happen if there was better communication network available to bring agricultural products to the processing points. His stores were operating within a radius of 20km. China's much better infrastructure increased the radius to 50km. A properly implemented CPEC programme should include rural roads linked with some of the major highways included in the CPEC initiative.

Since generating additional jobs is an important part of Imran Khan's promise to create 'Naya Pakistan', a well-conceived CPEC programme could contribute significantly to the realisation of this goal. CPEC critics have pointed to the fact that since China is bringing in its own labour to work on major projects, the programme would do little to have Imran Khan realise his target of creating 10 million new jobs in the first 100 days of his tenure as prime minister. One way of realising this goal is to start a Rural Works Programme that would run parallel to the Chinese initiative.

In 1964, I was appointed director of West Pakistan's Rural Works Programme that used an elaborate system of the local government established by the administration of Field Marshal Ayub Khan. Called the 'basic democracies', the system came to be deplored largely because it combined politics with economics. The elected 'basic democrats' not only worked for the economic and social betterment of their communities, they also had a political role. They constituted the electoral college for electing the president and the members of the national and provincial assemblies. The political function made the entire system controversial. It was opposed by the political establishment. But it performed well in the areas of economic and social development.

While directing the programme, I also studied it and then wrote an article for Public Policy, a journal published by Harvard University. My conclusion was that the development side of the system was successful since the funds provided to the Union Councils were well used for local and community development. The programme funds could be spent on four specified activities — rural roads, basic healthcare centres, primary schools and community centres. The Khan government should look at this experience and combine it with the BRI.

Published in The Express Tribune, September 3rd, 2018.

<https://tribune.com.pk/story/1793841/6-belt-road-initiative-revisited/>

PM FORMS CPEC BODY TO RESOLVE ISSUES, COMPLETE PROJECTS ON TIME

By Shahbaz Rana

Published: September 5, 2018

ISLAMABAD: Prime Minister Imran Khan has constituted three more cabinet committees on economic affairs, including one on the China-Pakistan Economic Corridor (CPEC), as the new government starts discussions on re-prioritising CPEC projects.

The Cabinet Division has formed Cabinet Committee on CPEC (CCOCPEC), Cabinet Committee on Privatisation (CCOP) and Cabinet Committee on Energy (CCOE). Unlike former prime minister Nawaz Sharif, Imran has appointed Minister for Petroleum Ghulam Sarwar Khan as the chairman of CCOE.

He has not only delegated powers to the federal ministers concerned to head these bodies, but has also made sure that the finance minister does not become as powerful as former finance minister Ishaq Dar was. The premier has given the chairmanship as per job description.

Finance Minister Asad Umar will be the CCOP chairman while Planning Minister Khusro Bakhtiar will be the chairman of the crucial CPEC committee.

Imran has already set up the Economic Coordination Committee of the cabinet, headed by the finance minister.

There will be nine members in the CPEC committee including the minister for foreign affairs, minister for law and justice, minister for finance, minister for petroleum, minister for railways, minister of state for interior, adviser to the prime minister on commerce, textile, industry and investment and the cabinet secretary.

The CPEC committee will be responsible for periodic review of the work programme of all CPEC working groups, according to the terms of reference of the committee.

It has also been mandated to resolve inter-ministerial issues and ensure timely completion of approved CPEC projects.

The CPEC committee's third main mandate will be to develop and implement an integrated approach for CPEC's long-term plan with special focus on investment and industrial development, which remains the weakest areas of Sino-Pakistan economic cooperation.

The committee will also approve the agenda for the CPEC Joint Cooperation Committee (JCC) – the key forum that has powers to include and exclude projects from the CPEC framework agreement. The last JCC meeting was held in 2017.

At the time of CPEC's inception, both China and Pakistan had prepared short- to long-term programmes to implement the \$60-billion pilot project of the Belt and Road Initiative of the Chinese president.

Both countries had finalised a list of prioritised projects, which were supposed to be completed by 2018-19 and actively promoted projects to be implemented by 2022.

The original priority list comprised 14 energy projects having total electricity generation capacity of 10,400 megawatts.

Sources in the planning ministry said the PTI government had decided to take a holistic view of CPEC projects and wanted to move away from coal-based power plants to clean energy projects.

The decision was taken in a federal cabinet meeting which also directed the audit of mass transit projects initiated by the last PML-N government including the \$1.65-billion Orange Line Metro project, Lahore.

Sources said the finance ministry and the planning ministry would closely collaborate to ensure that only financially viable and economically sustainable CPEC projects were taken to the next stage.

The \$2-billion Karachi Circular Railway and at least \$8-\$10 billion Mainline-I project of the Pakistan Railways were the two schemes that had faced serious problems.

CCOP

The prime minister also set up a seven-member CCOP with finance minister as its chairman. Other members include the law minister, planning minister, minister for privatisation (yet to be appointed), adviser to the PM on textile, adviser on institutional reforms and cabinet secretary.

The CCOP is responsible for taking decisions on the sale of government assets. During the tenure of Nawaz Sharif, the cabinet body had approved the sale of \$1.7 billion worth of government stake in half a dozen entities.

CCOE

Contrary to the PML-N's policy to centralise decision-making for energy matters, Imran has made the petroleum minister as chairman of the six-member CCOE.

Other members are the minister for finance, minister for planning, minister for railways, adviser to the PM on textile and cabinet secretary.

The CCOE will be responsible for ensuring a smooth implementation of energy projects, particularly those that fall under CPEC, according to its terms of reference.

It will also identify and remove bottlenecks in the way of expeditious implementation of these projects.

The CCOE has also been given responsibility to identify flaws and deficiencies in the existing legal and institutional framework governing the energy sector.

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<https://tribune.com.pk/story/1795340/2-pm-forms-cpec-body-resolve-issues-complete-projects-time/>

SEZs: CHINA SPEED

BR RESEARCH SEP 7TH, 2018

outed to be the surefire pathway toward industrial development in Pakistan—having skipped much of the exercise first time around—the Special Economic Zones (SEZs) under CPEC sound exciting, if shrouded in mystery. There are nearly 5000 SEZs around the world, dotted in Asia, and amidst some failures, many have proved to be a catalyst for growth. In fact, a good share of China’s growth has been associated to the success of its SEZs and industrial clusters.

Countries have looked toward the Chinese model to replicate but many have realized that there are no cookie-cutter solutions. For Pakistani SEZs, without the right policy framework and preparation, the tax holidays and incentives on top of the crumbling economy would only burden it further.

Pakistan is not foreign to sectoral clusters (surgical, garments, ceramics and marble etc.), which form the backbone of the SME economy in the country, but these are largely unorganized, ungoverned, informal and starved of investment.

They also differ from SEZs. By way of a quick definition: SEZs are a way to open up an otherwise closed economy to encourage manufacturing, trade and FDI- in geographic pockets- through comprehensive liberal tax and tariff policies, fiscal incentives, uninterrupted access to utilities like electricity or gas, flexible land acquisition, subsidized inputs, and access to infrastructure and transport network.

Though the country signed the SEZ Act into law in 2012, it was amended in 2016. A working paper by the Center of Excellence CPEC, a social think tank run by the combined forces of PIDE and Ministry of Planning informs that: “BOI has approved additional incentives for priority SEZs under CPEC with the goal to substitute the Chinese imports, to reduce the import bill and to promote export.

Other goals are relocating industry that would depend least on imports, promote local employment, promoting environment friendly industries, employs modern technology and 100 percent foreign investment/joint venture”.

These goals seem noble but are they even achievable with the current state of affairs? For starters, a lot of work needs to be done on the doing business and investment climate front. With nine SEZs under feasibility and 34 more planned (China has only 6 to date, all on the coastal lines), what policies are in place to remove the bottlenecks already highlighted by the World Bank’s annual index. Many of these hurdles are related to red tape and bureaucracy—while the cost may be subsidized for land acquisition, registration, trading, and access to utilities, it is the time spent on doing business that makes investments attractive or unattractive.

Moreover, going by the objectives provided by the aforementioned working paper, the part about promoting local employment seems ambiguous.

So far, the argument is that there will be an influx of Chinese labour seen to run these SEZs—there is a precedent of this as many economic zones in other countries (for e.g. MENA region) have seen

Chinese laborers pouring into the countries. As suggested in a PIDE paper, Pakistan needs a policy on that.

It can be postulated that even if Pakistani local labour is recruited, they will be confined to low-level jobs.

There is no road map for any technical training and skills development so labourers can grow out of minimum wage jobs. There is also no news on any labour reforms that the country might introduce, though this should be a great opportunity to get going.

The third issue is one of logistics and transportation. Though all the SEZs will have proper transportation network in place, private sector freight forwarders and logistic companies have complained that there is no clarity on what role they can play in the supply chain network, though they are very eager to be involved.

Fourthly, as highlighted by Hasan Khawar, a public policy expert in an op-ed: the incentives within the SEZs ought to be tied with the performance. There can be performance targets on investment size, technology transfer, local employment generation, R&D and innovation etc. which can inform the incentives that are given to investors.

Since exporting and import substitution are the primary targets of these SEZs, there has to be a laser-focus on R&D and technological advancement. The world is changing dramatically every day—perhaps Pakistan hasn't felt it because it is used to exporting raw and intermediary products but value-addition and transition from low-tech to high-tech in exports will be imperative.

Pakistan also missed the train on becoming part of the global value chains, but this is probably the best chance to get on that ladder and climb it slowly.

Consequently, there should be a solid technology transfer and advancement policy for SEZs—after all, that is how China built its technological and industrial empire. As argued by many analysts, China ensured American companies transferred technology as a condition of market entry, or only be able to enter via JVs.

The current literature on SEZs is uninspiring because it is not asking more pertinent questions highlighted here. While Chinese models have worked, they cannot be emulated. We have to tailor our SEZs to suit our specific dynamics and the only thing we can replicate is China's expediency, and speed

<https://www.brecorder.com/2018/09/07/439023/sezs-china-speed/>

SENATE PANEL DISSATISFIED WITH PROGRESS ON CPEC'S WESTERN ROUTE RECORDER REPORT

ISLAMABAD: The Senate Standing Committee on Communications Thursday expressed dissatisfaction with progress made so far on western route of China-Pakistan Economic Corridor (CPEC) and decided to review the Built-Operate-Transfer (BOT) projects.

A meeting of the committee was held here in the Parliament House in the chair of Senator Hidayat Ullah.

The National Highway Authority (NHA) officials briefed the committee members about the CPEC's western route, and the progress and challenge to complete it within the timeframe.

The committee members were informed that the western route is made up of two parts – Islamabad to Dera Ismail Khan and Dera Ismail Khan to Zhob in Balochistan province.

The NHA officials said that Pakistan government is responsible to fund the project from Islamabad to Dera Ismail Khan and the required land for it has been acquired. The project's worth is Rs110 billion and it consists of five different packages.

The officials informed the committee members that the work on Islamabad to Dera Ismail Khan project is underway and if the funds are released in time, it will be completed by June 2019.

The committee was, however, informed that the NHA is facing Rs25 billion losses to complete the project.

About Dera Ismail Khan to Zhob, the committee was informed that Chinese government committed funding for the project in December 2016, but the funds are yet to be released.

The committee was informed that the China has also not provided list of the Chinese contractors for the project.

Senator Ahmad Khan, member of the committee, said that Chinese government gives names of three companies for the projects and they then give rates of their own choice, while all Pakistani companies have to compete with them.

He urged the committee to review the contracts with China, especially the projects designed on Built-Operate-Transfer (BOT) basis. The committee agreed to the proposal and decided to review the contracts

<https://epaper.brecorder.com/2018/09/07/8-page/737541-news.html>

GOVT SEEKS TO RESET CPEC PRIORITIES

By Shahbaz Rana

Published: September 8, 2018

ISLAMABAD: Amid uneven progress under the China-Pakistan Economic Corridor (CPEC), the PTI government has decided to give a push to neglected areas and declared development of Gwadar as its top priority, rekindling hopes of developing the country's hinterlands.

“The authorities concerned will urge the visiting high-level Chinese delegation to actively pursue Gwadar `projects,” said sources in the Ministry of Planning and Development.

The Chinese foreign minister and Vice Chairman of the National Development Reforms Commission (NDRC) on Friday began his three-day visit to Pakistan.

“During meetings with the Chinese delegation, the planning minister will urge China to fast track work on the New Gwadar International Airport, Gwadar Free Zone and Port and Gwadar Eastbay Expressway project,” according to the Ministry of Planning officials.

Work on CPEC remained slow during the past eight months because of political transition in the country. Now both the Pakistani and Chinese sides have decided to hold meetings of respective working groups that will be followed by a meeting of bilateral Joint Cooperation Committee (JCC), tentatively scheduled for November in China.

The meeting of the Joint Working Group on transport will also take place in the middle of October in China.

During the last five years, the major focus had remained on construction of two eastern route roads and establishing coal-based power generation plants under CPEC.

The last government neglected the western route of CPEC that can connect hinterlands of Balochistan and Khyber-Pakhtunkhwa. It also could not ensure progress on water and electricity supply projects in Gwadar, without which no industrialisation can take place in the port city.

While taking his first briefing on CPEC on Thursday, Prime Minister Imran Khan stated that the development of western route of CPEC would have developed Pakistan’s under-developed areas. Contrary to a snail’s pace progress on the western route, the eastern route has been completed by over 60%.

“The PTI government has decided to actively pursue projects in Gwadar and industrialisation under CPEC, Main Line railway and Karachi Circular Railway projects,” said sources in the planning ministry.

“The robust development of Gwadar under CPEC is a top priority of the new government with a special focus on rapid industrialisation in the strategically located port city,” said Minister for Planning, Development & Reform Makhdoom Khusro Bakhtiar on Friday.

Bakhtiar presided over a steering committee meeting on the Gwadar Smart Port City Master Plan. The Gwadar Smart Port City Master Plan remains incomplete and work is now expected to be finished by the end of next month.

The minister said, “Pakistan cannot afford to wait any longer as our economy does not have the luxury of time. Industrialisation in this port city is a low hanging fruit, considering its prospect of international connectivity and suitable cost of transportation,” he added.

“We need to structure the Gwadar Industrial Zone with a kind of incentives that yield high rate of return,” he said while emphasising on the industrialisation model that should have an inclusive nature vis-a-vis the private sector.

However, work on the Gwadar Free Zone was also falling behind the schedule, as the authorities concerned have yet to transfer land to the Chinese authorities, which is currently under the control of the Navy and the Coast Guard.

Bakhtiar said Gwadar could be transformed into a transshipment hub to explore opportunities of the blue economy. “We need to have in place all prerequisites for that purpose which should include provision of water, energy, road and railway connectivity,” he added.

There has been criticism in the past on financing modalities of CPEC.

A few days ago, economist Dr Atif Mian had said there was a blanket ban on any objective assessment of CPEC. He said the media also feed the frenzy that CPEC was a “game changer”, which led to development of a big bubble in the port city (currently largely sand) of Gwadar.

Dr Mian said that Pakistani government funded large infrastructure projects through China’s Belt and Road Initiative, which became one of the reasons for external debt rise. The borrowing raised domestic demand “artificially”, making Pakistan more expensive and less competitive globally, according to one of his tweets.

He criticised the idea of borrowing from outside for building infrastructure or institutions. Dr Mian argued that because of this approach Pakistan suffered an extreme version of Dutch Disease.

Through his tweets, he said most of borrowing and spending deals were highly opaque.” No one really knows what’s going on.”

He argued that deals have to be structured properly, with proper macro-prudential framework. “Unfortunately, none of that was done.”

<https://tribune.com.pk/story/1798222/2-govt-seeks-reset-cpec-priorities/>

CPEC TOP PRIORITY, QURESHI ASSURES CHINESE MINISTER

Baqir Sajjad Syed Updated September 09, 2018

FOREIGN Minister Shah Mehmood Qureshi shakes hands with his Chinese counterpart Wang Yi at the Foreign Office.—White Star

ISLAMABAD: The government on Saturday said it would continue to accord top priority to the China-Pakistan Economic Corridor (CPEC).

The assurance was extended to Chinese Foreign Minister Wang Yi by his host Shah Mehmood Qureshi, who noted that his government saw it as a significant project for the socioeconomic development of the country.

Mr Wang is on a three-day visit to Pakistan — the first by a senior Chinese official since the Pakistan Tehreek-i-Insaf-led government assumed office last month.

The visit is meant to engage with the new government, re-emphasise the importance of bilateral ties and learn about its position on relations particularly with regard to CPEC.

Wang rejects impression that CPEC projects are compounding Pakistan’s debt burden

Diplomatic observers are taking a keen interest in the project because of the evolving regional situation in which new alignments are emerging. Pakistan and China, which have a longstanding relationship, are seen to be getting further closer.

Speaking at a joint press conference with Mr Wang, the Pakistani foreign minister said: “The CPEC will remain a priority for the government.”

Mr Qureshi reassured Mr Wang that Pakistan and China had a time-tested relationship, which would not be affected by the change of governments.

“The two sides expressed their convergence that social economic development will be an important area under CPEC cooperation between Pakistan and China,” the Foreign Office said in a statement on the meeting that preceded the press talk.

The Chinese minister too reaffirmed Beijing’s commitment to the relationship. He said that Pakistan would always be a priority for China in its foreign policy.

“The State Councillor reiterated that Pakistan was China’s ‘iron brother’ and the bilateral partnership served as an anchor for regional peace and stability. China will work with Pakistan to prioritise CPEC projects so as to benefit all regions of Pakistan,” said the FO.

At the press conference, Mr Wang rejected the impression that CPEC projects were compounding Pakistan’s debt burden.

Twenty-two projects were undertaken as part of the CPEC, out of which nine have been completed while 13 are in progress.

He said that contrary to the perception that CPEC projects were behind Pakistan’s growing debt burden, the mega project was helping increase growth rate of Pakistani economy by 1-2 per cent every year, besides creating around 70,000 jobs.

Mr Wang said that Pakistan and China were ready to include in the mega project any other country that might be interested in it, to extend its benefits to the entire region.

Talking to Gen Qamar Bajwa at the GHQ, the Chinese minister said Pakistan’s contribution to regional peace and security needed to be acknowledged by the world.

He expressed his satisfaction over the security measures taken for the CPEC projects and the Chinese personnel working on the projects.

Matters relating to regional security and bilateral cooperation were discussed during the meeting, the ISPR said.

Gen Bajwa thanked Mr Wang for Beijing’s continued support to Pakistan. He said that Pakistan had suffered from “global contestation” but was now poised to claim its rightful place in the comity of nations through commitment to peace and stability both within and without.

<https://www.dawn.com/news/1431876/cpec-top-priority-qureshi-assures-chinese-minister>

PML-N GOVT GAVE CPEC, PTI HIKED PRICES: SHAHBAZ

LAHORE: The PML-N president, Shahbaz Sharif, on Saturday said the opposition alliance would not allow any business of the government in the Parliament unless a parliamentary commission to investigate the election rigging and engineering of the results was formed and it presents a non-partisan report.

He said the PML-N gave multibillion dollar China Pakistan Economic Corridor (CPEC) to the country as a gift, but the PTI is giving alarming price hike to the people in the first few week of its government. Addressing a press conference at the party's Model Town secretariat where he was flanked by Marriyum Aurangzeb, Ahsan Iqbal and Shahid Khaqan Abbasi, Shahbaz said Imran Khan's premiership is the product of rigged elections and he has somehow forgotten that he is the most disputed prime minister in the democratic history of the country. He said Imran promised him in person after becoming the prime minister that he would constitute the commission and ensure that all concerns of the political parties are addressed; however, 20 days into the government, there is no sign of that commission. Shahbaz said he hoped that Imran would not take another of his infamous U-turns over the issue, "because if he does, the opposition alliance reserves the right to a political and legal recourse".

Quoting Imran asking for a thorough probe into the Lahore and Multan Metro projects, the PML-N president, said the PML-N government saved billions of rupees in public money in development projects and there is not a penny of corruption in these ventures. "It would have seemed an honest effort at establishing accountability of public money and not political victimisation, if Mr Khan had included the name of Peshawar Metro in these investigations as well, especially when the Peshawar High Court had pointed out that a blacklisted company was given contract of the project and the government's incompetence had cost tens of billions to the exchequer," he noted.

Shahbaz said although it has only been 20 days of the PTI government, but he is obligated to hold the press conference because of the massive burden imposed on the people in the form of 46 per cent increase in the gas tariff, Rs 5 per unit increase in the electricity tariff and the rise in the price of fertilizer. This, he said, would hit the domestic consumer in two ways – increase in their utility bills and the hike of consumer products exponentially as well by causing severe inflation. The government had promised the people a new and better Pakistan, but in its very first month it has made the life unimaginably difficult for the middle and the poor classes of the country, Shahbaz remarked. He pointed out that on one hand, the PTI government has jacked up the electricity price and on the other power outages have started torturing the people again. Six to eight hours of loadshedding in urban and 10 to 12 hours in the rural areas is being currently undertaken, he added. He said the PML-N government, under the leadership of Nawaz Sharif, has virtually eliminated the loadshedding and it is the current government's responsibility to keep it that way.

Shahbaz also severely criticised the government's actions and diplomatic posturing vis-a-vis Pak-China relationship. He questioned the rationale behind the information minister receiving the Saudi foreign minister and not the Chinese foreign minister. The foreign minister should have welcomed his counterpart, he stressed. The PML-N president said China is the biggest supporter of Pakistan at all fronts be it economic, strategic, the UN, crisis management, regional support or any other domain, China has stuck with Pakistan. "What exactly is the purpose behind this diplomatic snub to our most

important and trusted ally?” questioned Shahbaz. Shahbaz also pointed out that Imran has not once mentioned CPEC, which is a huge gift by the Chinese to the Pakistani people and which would not only bolster the economy but also create tens of thousands of jobs and result in technology transfer to Pakistan.

He appreciated Imran’s concern over lack of water management through hydel projects, but expressed concern that he tried to present as if the PML-N government had not done anything about it. “The PML-N government spent over Rs 122 billion on the land procurement for the Basha Dam and got its feasibility study done as well, therefore to portray that the PML-N government and its leader Nawaz Sharif is insensitive to this issue is plain wrong,” he said. Shahbaz added the only component which needed raising money is the building of the reservoir, because the rest would be invested by the investors who would build the power generation infrastructure.

The PML-N president said he and his party always respected and lauded the army as an institution and it is just certain individuals and their actions that the party has an issue with. Shahbaz said the PML-N will not allow the government to slash the development budget as that would stop the country’s progress and public welfare. He said the PML-N government increased the development budget from Rs 300 billion to Rs 1,000 billion, whereas the PTI is going to slash it by Rs 150 billion which won’t be allowed at any cost.

<https://www.thenews.com.pk/print/365816-pml-n-govt-gave-cpec-pti-hiked-prices-shahbaz>

GOVT TO RE-EVALUATE CPEC’S RAILWAY PROJECTS

LAHORE: Railways Minister Sheikh Rashid Ahmad on Saturday said railway projects under China-Pakistan Economic Corridor will be re-evaluated by an evaluation committee of the department.

Sheikh Rashid was addressing a news conference at the Pakistan Railways Headquarters before signing of an agreement with the Jamshoro Power Company (Pvt) Ltd about coal transportation.

Railways minister said CPEC Evaluation Committee would assess the actual position of the projects to minimise chances of corruption under the zero-tolerance policy of Prime Minister Imran Khan.

He said another committee, headed by PR Chairman Javaid Anwar and CEO Aftab Akbar, was formed. The Investment Committee will supervise the investment matters in the railways.

Sheikh Rashid said Prime Minister would inaugurate the operation of two trains including Mianwali Express and Margala Express at the Prime Minister House Islamabad on Sept 14.

“We are planning to operate two more new trains including Moenjodaro Express between Sukkur and Kotri and another inexpensive train between Karachi and Peshawar,” he added.

The minister said Gwadar was made another railways division and one extra salary would be given to the officers, who would like to work over there.

He said the Pakistan Railways already has 250-acre land in Gwadar and now it was decided to purchase another 300-acre land to meet the future operational needs. The minister said Quetta-Taftan 700-kilometre section would be rebuilt and it would be used for commercial operations.

He said another deal with Maple Leaf Cement Company was in the pipeline. Two websites would also be launched including complaints and investment sites.

Later on, the agreement-signing ceremony between Jamshoro Power Company and Railway Transportation Freight Company was held.

Pakistan Railways is expecting Rs4.5 billion per annum income from coal transportation.

The minister said it has been decided to deposit Rs100 million every year to the Prime Minister and Chief Justice Dam Fund, adding that one rupee for every Rs100 ticket and Rs2 for a ticket worth over a hundred rupees would be charged from economy class passengers.

“Rs10 will be charged from every AC Sleeper passenger and this income will be deposited to the Dam Fund,” he added

<https://www.thenews.com.pk/print/365747-govt-to-re-evaluate-cpec-s-railway-projects>

October 2018

NEWS COVERAGE PERIOD FROM OCTOBER 22TH TO OCTOBER 28TH 2018

CPEC NOT RESPONSIBLE FOR PAKISTAN'S ECONOMIC WOES, SAYS CHINA

Amjad Mahmood Updated October 23, 2018

XUZHOU: Worried over the ‘anti-CPEC’ campaign in Pakistan, China says the all-important international connectivity project is not to be blamed for the ongoing economic crisis in Islamabad.

“Loan repayments for the China-Pakistan Economic Corridor (CPEC) projects will start in the financial year 2023-24 when economic growth rate of Pakistan will be much higher than present (and then country will be in a better position to bear the financial liabilities),” Prof Sun Hongqi told a conference on CPEC here on Monday.

Prof Sun – who is adviser to the President on Pakistan Affairs – sought to negate the impression being spread by anti-CPEC campaigners that only Beijing will benefit from the regional connectivity projects.

“What will China gain from energy projects given priority in the first phase of CPEC as per desire of Islamabad other than helping our all-weather friend to overcome the electricity deficiency badly hitting its economy,” asked the scholar who also heads the Pakistan Study Centre at Jiangsu Normal University.

Mr An Qiguang who had served as a diplomat in Pakistan, announced that Chinese companies executing various CPEC projects would hire more Pakistani labour and mid-level managers.

He was responding to a suggestion given by Syed Muhammad Mehdi, a columnist from Pakistan, that for giving Pakistanis a sense of ownership of the CPEC, China should involve the local population in executing projects.

Jiangsu's Deputy Secretary General Wang Zhizhong said that they would import more agriculture products from Pakistan to help reduce the trade imbalance between Islamabad and Beijing.

Chairman Chahbahar Free Trade-Industrial Zone Korsi Abol Rahim said that there was no rivalry between Gwadar and Chahbahar. He believed that the two ports would rather complement each other to the benefit of the entire region.

Later, multiple memorandums of understanding (MoUs) worth millions of dollars were signed between various Pakistani and Chinese business concerns.

Dr Amjad Abbas Magasi of the Punjab University called for removing trade imbalance between the two countries and demanded that Beijing approve the same trade agreement it had offered to Association of South East Asian Nations members at the earliest to remove the reservations of Pakistani businessmen about trade ties with China.

The two-day international moot was attended by academia, intelligentsia and businessmen from Pakistan, Iran, Malaysia, Thailand, Bangladesh and South Korea. Ms Mumtaz Zahra from Pakistan Embassy in China, and Jiangsu Communist Party Secretary General Zhou Tiegeng were also present.

Published in Dawn, October 23rd, 2018

<https://www.dawn.com/news/1440784/cpec-not-responsible-for-pakistans-economic-woes-says-china>

WORLD BANK TO UNDERTAKE STUDY ON CPEC

By Shahbaz Rana

Published: October 24, 2018

ISLAMABAD: Beijing has engaged the World Bank for undertaking a study on the China-Pakistan Economic Corridor (CPEC) as Islamabad lacks the institutional capacity to conduct evidence-based research to gauge the real potential of the \$60-billion investment programme.

The study covers the implementation status of CPEC and its future prospects, according to a briefing World Bank Country Director Illango Patchamuthu gave to Planning Minister Khusro Bakhtiar on Tuesday.

The Washington-based lender is conducting the study on six different aspects of CPEC and expects to complete the work by the end of this year, said officials.

The development comes at a time when Pakistan is urging China to fast-track work on the CPEC projects being completed with Chinese grant.

The Economic Affairs Division had undertaken a review of China-sponsored two infrastructure and two social-sector projects, finding that progress on them was far behind the schedule.

The government also asked Chinese authorities to fund another road project – Raikot-Thakot – costing \$709 million through a grant. Bakhtiar raised the issue of project grant with a delegation of China Road and Bridge Company (CRBC).

“The World Bank is carrying out an analytical study on CPEC investments in Pakistan,” confirmed a spokesperson for the World Bank. She added that the study was going on and was expected to be completed in coming months.

As it is usual for such studies, the research team is consulting with relevant stakeholders. The study is supported by the China-World Bank Group Partnership Facility, said the spokesperson.

A few years ago, China had set up a \$50-million partnership facility for investment projects and operations, knowledge development and south-south learning, human resource cooperation and financing for global and regional programmes.

The World Bank study will also review the prospects of trade and implications of the CPEC debt. Pakistan does not have proper estimates of jobs opportunities being created under CPEC.

The planning minister on Tuesday desired that at least 80% of jobs being created in the Rashakai Special Economic Zone must be given to Pakistanis.

Pakistan had signed CPEC deals in 2014 without conducting research. Even the think tanks being set up with public funds for conducting research have become mere tools of publicity. Pakistan does not have estimates of the Chinese cargo traffic that will pass through its territory under CPEC. During the meeting with the World Bank delegation, the planning minister urged them to take Pakistani research institutes on board while conducting the CPEC study.

The minister said the government was working on a robust economic plan to introduce structural economic reforms to take Pakistan among middle-income countries in the long term. He vowed to increase the country’s low investment and saving ratios to bring them on a par with regional peers. The minister stressed the immediate need for enhancing tax revenues to 20% of GDP and simultaneously increasing domestic savings to 20% of GDP.

The minister said the government offered friendly investment policies and Pakistan was emerging as one of the attractive destinations for foreign investment.

However, an Asian Development Bank (ADB) report on Asia Economic Integration underlined that Pakistan was getting 70% of its total foreign investment from China alone. The share of investment from Japan was only 2.5%, European Union 21% and the United States 5.6%.

Similarly, Pakistan’s trade with China was slightly over one-fifth of its total trade with the rest of the world. The planning minister stated that improving tax administration, encouraging financial institutions to expand the range of savings and investment instruments, reducing the procedures, cost and time associated with investing, improving management practices and supporting technology extensions would bring about economic turnaround for the country.

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<https://tribune.com.pk/story/1832414/2-world-bank-undertake-study-cpec/>

CPEC MOVES INTO AGRICULTURE

Khurram Husain Updated October 25, 2018

A VERY interesting annexure in the latest State Bank's annual report provides much-needed detail on the entry of Chinese firms in Pakistan's agriculture sector. Agriculture appears to be one of China's top priorities in CPEC, contrary to how the Pakistani government has presented the enterprise as being built around transit trade. And now, possibly for the first time, we have an official source where this is fleshed out in further detail.

It begins by noting that the CPEC Long Term Plan (LTP) lays great stress on agriculture, with wide-ranging engagement across the entire sector. Boosting yields in the crop sector, reducing losses from harvest and transportation, and engaging with livestock and dairy are some of the thrusts envisaged under the plan. The eventual goal appears to be to boost Pakistan's food exports to China.

The report adds this intriguing sentence, without elaborating: "It is important to note that the nature and direction of such a progress critically depends upon changes currently under way in the agriculture sector of the Chinese economy."

The annexure points out that agriculture is a big priority for China's overseas investments in all countries under the Belt and Road Initiative. The motivation is China's growing food deficit at home and the erosion of arable land.

"China's food import dependence is rising amidst continued degradation of arable land and depletion of its livestock and fisheries resources. To address these concerns, it is investing heavily under the Belt and Road Initiative (BRI) by outsourcing its food supplies, while moving towards high value-added food products to contain its food trade deficit."

The biggest concern in the whole enterprise is not mentioned: what does it mean for Pakistan's own food security?

So China is "outsourcing its food supplies" to address its growing food-security vulnerability, and this involves growing investments in the agriculture sectors of other countries. The benefits for Pakistan are nicely laid out in the annexure. They include improved yields through superior seeds, mechanisation of farms as well as introduction of drip irrigation technology on a wider scale, increased use of formal credit systems for agri-lending, and greater documentation of the rural economy and especially its land registries.

Much work has already been done along these lines. For example, China has pursued hybrid rice cultivation in Pakistan for almost two decades now, trying new varieties that promise higher yields and are more temperature resistant.

This year, the first export consignment of hybrid rice was sent to the Philippines. Now more land is expected to be brought under rice cultivation after this initial marker of success. A programme has just been concluded in Mansehra, Swat, Sahiwal and Larkana (among other areas) to grow hybrid rice, where the testing was done on a certain variety to be grown under the very different temperature conditions in each of these regions.

Likewise, a cold storage station has been erected in Khunjerab, on the Chinese border, for seafood exports to China. It is active for eight months of a year, according to the annexure, and will handle

sales to the Xingjian region, as well as Shanghai and Beijing according to the authors. As per the LTP, more cold storages are planned in Karachi, Gwadar, as well as Lahore and Peshawar.

Chinese enterprises are also scouting for possible investments in Pakistan's agrarian economy. More recently, "on July 31, 2018, Fauji Foods Ltd disclosed on the stock exchange that Inner Mongolia Yili Industrial Group Company Limited, a Chinese state-owned enterprise, has expressed interest in acquiring up to 51 per cent of the voting shares and/ or control in the former with the intention of expanding R&D operations and manufacturing high-value-added dairy products to be exported to China."

This is an interesting strategy to acquire controlling stakes in a large agro enterprise in the country, then fanning outwards from there. In due course, cotton will also come on this radar, since the LTP has specifically mentioned the interest of Chinese officials in Pakistani yarn and coarse cloth to feed Xinjiang's growing textile industry.

Some structural problems will need to be addressed, the authors of the annexure state, for the benefits of this opportunity to flow smoothly for Pakistan. These include low levels of farmer literacy and awareness, low levels of formal credit for farmers, 'cluster farming' — or the land holding pattern of the country where the majority of farmers own small pieces of land (typically 12.5 acres or less) which inhibits economies of scale — poor state of land records and of course a highly dysfunctional water economy.

The biggest concern in the whole enterprise is not mentioned: what does it mean for Pakistan's own food security? Boosting agricultural yields and reducing losses in the food supply chain are clearly required for Pakistan, but as exports grow and more land is brought under water-intensive rice cultivation (as an example), what will happen to our local food needs?

Soon the enterprise will move into its next phase, where land acquisition for demonstration projects gets going and large agro enterprises in the country start being bought out, like what is happening with Fauji Foods Ltd. Long before that happens, it is imperative that the government of Pakistan ensures that the country's own needs are in the driving seat.

We need to ask whether new varieties of hybrid rice (particularly sticky rice) are the best place to lay the emphasis for the future of this engagement, since it means devoting large tracts of land as well as enormous water resources, to growing something that is not a staple food here. Perhaps more emphasis on wheat in the coming days will also materialise.

Pakistan's agriculture needs support of the sort that the Chinese are offering — there is little doubt about that. But our agriculture is the lifeblood of our economy, and the biggest pillar of our stability is our hard-fought food security. There is very little bargaining room with these priorities.

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<https://www.dawn.com/news/1441188/cpec-moves-into-agriculture>

CPEC NOT ADDING TO PAKISTAN'S ECONOMIC WOES: CHINA
Baqir Sajjad Syed Updated October 27, 2018

ISLAMABAD: Rejecting the perception that the China-Pakistan Economic Corridor (CPEC) is adding to Pakistan's economic problems, Chinese Ambassador Yao Jing said on Friday that his country would positively look at critical questions being raised about the project.

Speaking to journalists at the Chinese embassy here, he said it was China's responsibility to make people better understand the CPEC.

"The CPEC is a broader initiative. China does not have any unilateral interest in it. It is mutually beneficial for both countries," Mr Yao said.

China and Pakistan have been pursuing the multi-billion dollar CPEC project since 2015 that involves connectivity and infrastructure projects. Lately there have been concerns about the transparency of the project and that the CPEC was adding to Pakistan's debt burden.

The ambassador said the economic corridor project was a demonstration of Chinese trust in Pakistan and its better future.

Envoy says Beijing to help Islamabad tackle financial challenges

Yao Jing also assured of his country's full support for Pakistan over the latter's economic challenges.

"We understand Pakistan is faced with challenges in economic and fiscal sector and as a friend China will extend to it whatever support and assistance is required by it," he said.

He was speaking on the upcoming visit of Prime Minister Imran Khan to China, where he would hold bilateral meetings with the Chinese leadership, besides attending the China International Import Expo in Shanghai. The visit would be the first one by Mr Khan to China after assuming the office of prime minister. It would provide him the first opportunity to engage with the Chinese leadership.

Among major issues that Mr Khan is expected to address during his four-day trip starting from Nov 2 are the future of the CPEC, economic assistance for Pakistan, and trade imbalance between the two countries.

Mr Khan has recently secured a \$6 billion assistance package from Saudi Arabia and there are expectations that Beijing would also extend a similar facility so that Pakistan could minimise the impact of an International Monetary Fund facility.

The envoy said that China would like to build capacity of Pakistan's economy, export and manufacturing sectors. He said China was for investing more in Pakistan and buying more from Pakistan and Chinese technology and huge market could contribute to strengthening Pakistan's economy.

He endorsed the policies being pursued by the new government on the external front, saying that they were contributing to regional peace. "Pakistan is actively promoting regional stability by offering talks to India and playing an active role for peace in Afghanistan," he said, adding that the international community would see Pakistan as a "responsible nation".

Meeting with Gen Bajwa

Also on Friday, Ambassador Yao met Chief of the Army Staff Gen Qamar Javed Bajwa and discussed with him “matters of mutual interests”, the Inter Services Public Relations said.

During the meeting, it is believed, the two men discussed matters related to Prime Minister Imran Khan’s upcoming visit to China.

The Foreign Office has said that the prime minister’s visit to China would provide “further impetus to enhancing the existing strategic ties between Pakistan and China and break new grounds for broadening the bilateral partnership”.

Gen Bajwa visited China last month and met with Chinese President Xi Jinping. The Chinese president, while underscoring the role of Pakistan Army in the China-Pakistan ties said: “Pakistan Army has a pivotal role towards this lasting relationship.”

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<https://www.dawn.com/news/1441727/cpec-not-adding-to-pakistans-economic-woes-china>

NEWS COVERAGE PERIOD FROM OCTOBER 15TH TO OCTOBER 21TH 2018
IMPROVED CPEC DESIGN IS IN INTEREST OF ALL
By SYED AKHTAR ALI

Published: October 15, 2018

ISLAMABAD: There is a hue and cry in Pakistan that it is going to default on payments which can cause great chaos in the country and its economy.

The current account deficit caused by increasing imports and stagnant and even falling exports is held largely responsible for this evidently.

Budgetary and trade deficits have been the two major weaknesses of Pakistan’s economy, making it unsustainable. Most of the times, crises have occurred and have been managed through the IMF and friendly countries’ support.

This time CPEC was invented to be a game changer and the solution of all woes. The unholy truth is that CPEC has been part of the problem due to rise in imports of machinery and equipment. Improved trade relations have also resulted in increase in imports from China to \$12 billion against Pakistan’s exports to China of hardly \$3 billion.

It was political sloganeering and an attempt to avoid real working and policy changes. Infrastructure like energy and roads can be helpful in lighting the industry and moving the goods. But you have to have goods and production.

The third component of CPEC, launched lately, is still in limbo and seems to be in search of strategy and a real blue print.

A lot has already been said about the high cost of energy from CPEC projects, which, however, is not the core of the subject, although it does affect long-term competitiveness of the economy and exports.

Perhaps, more urgent and important is the import content of the CPEC project, both in terms of lack of utilisation of local content and also by creating dependence on fuel imports.

Pakistan's major problem is high energy imports varying between \$12 and \$20 billion, which is clearly unsustainable. CPEC has added to the problem. More than \$2 billion of coal would have to be imported annually for the next 30 years to fuel the imported coal-based projects under CPEC.

More would have come, but for the political change that has managed to prevent it. A better solution could have been to install a flexible fuel technology which could have enabled to switch to local coal when it would have been available. The correction to the existing equipment can be done by installing pre-drying equipment and should be considered on an economic basis.

Thar coal

In retrospect, one can argue that it was a wrong choice to defer Thar coal and not make it as a main pulling horse. There was no uncertainty in Thar coal, as on the Indian side, electricity is being produced for the last many decades on Thar coal.

To correct the situation, a major Thar coal initiative should be included in CPEC for a 5,000-megawatt power plant package along with a mine of 30 million tons per annum (as against a host of small projects presently).

A coal gasification component may also be added to provide feed gas to nearby fertiliser plants, if the production cost does not exceed the price of LNG.

In India, lignite-based iron-steel plants have been investigated which may be considered as well. However, it has to be cost-effective and not like the present situation where Thar coal and its electricity are being produced at twice the cost.

New prices based on the proposed large package should not be more than \$25 per ton and 5 US cents per kilowatt-hour which are regionally and internationally competitive rates. I believe, if international competition is invited, one may be able to get comparable prices.

But no need of it, let CPEC handle it within the proposed price range. Cheaper solar and to some extent wind power need to be added to the CPEC portfolio to reduce imports and costs.

Minerals

The quickest way to increase exports is to start with minerals. Pakistan has vast mineral resources. At least, to the extent of copper, it has been deposited. China had already installed a copper mining and processing facility in Balochistan (Saindak) which seems to have finished its useful life.

China has a considerable and continued interest in copper and other mineral imports. Legal issues should be sorted out in Reko Diq and the resource be utilised either within the Reko Diq framework or CPEC be introduced into it in the area not covered by the earlier litigant company.

There are other ores like zinc, chromium, etc both in Balochistan and in northern tribal areas. Even marble and granite sector could be improved. More geological exploration should be made under CPEC and mining production should be increased to the industrial level.

It is estimated that \$5 billion of mineral exports can be made in a matter of five years, half of which could come from copper alone.

Technological impetus

There are two phases in Pakistan's economy where major technology input has been introduced – one in Ayub Khan's period and the other in ZA Bhutto's period which continued into the General Zia period, wherein major projects of Pakistan Steel and heavy industries in Taxila and elsewhere were established.

Except for Pakistan Steel, all others have been made by China. It has been more than 40 years now. Most of these projects have become sick and outdated after playing a major role in spreading technology in Pakistan, giving rise to local entrepreneurs in allied areas.

Later governments have not undertaken similar initiatives and have relied on short-term approaches like utilising existing capacities in the construction sector and the automotive industry. A new and major technological impetus is required. It can be launched by rebuilding the earlier industries but it should not necessarily be limited to these.

Earlier, there used to be a problem of lack of demand. Now in the form of CPEC, there is a big source of demand. It should be the objective that 50% of the power equipment required in CPEC projects is produced in Pakistan through the installation of new plants under the 3rd CPEC component.

One needs not be too strict about Special Economic Zones. Facilities should be utilised wherever nuclei are available and where work can be started without further loss of time. This proposed technology initiative will both increase export capabilities and help reduce imports. A trade impact including exports and import substitution of \$5 billion in initial years needs to be targeted in this respect.

Proposals

It is, therefore, necessary to consider two proposals of Commerce Adviser Abdul Razak Dawood, who is a highly experienced and successful entrepreneur, especially in technological areas.

Of the two proposals, one is of a thinking period of one year to think through the allied problems and work out a new amended programme; and the second is to reschedule the projects with a delay of five years so as to ease the import and debt burden and also to be able to implement proposals such as those made above.

Nepa has forecast a surplus of 14,000MW of electricity if all proposed projects are implemented. Some pruning may be required to avoid payment problems. Already, there is a circular debt exceeding Rs1 trillion.

Anti-CPEC stance

The present administration suffers from its anti-CPEC stance taken before elections. Any proposal of making some adjustments and including some new initiatives and asking for some time immediately sends wrong signals to the stakeholders, especially related to the strategic issues.

There is sensitive strategic cooperation between China and Pakistan, which is feared to be affected by any tinkering with the project. However, China will understand that an economically strong and independent strategic partner would be better than the one which is always in need of urgent help. An improved CPEC design is in the interest of all. Let us redesign it.

The writer is former member energy of the Planning Commission

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CPEC MAY REGAIN PACE AFTER PM'S VISIT TO BEIJING

Khaleeq Kiani Updated October 16, 2018

ISLAMABAD: Pakistan expects the China-Pakistan Economic Corridor (CPEC) to regain pace after a visit of Prime Minister Imran Khan to Beijing next month with the signing of a framework agreement on industrial zones, progress on agricultural cooperation and addition of a social sector joint working group.

A senior government official told Dawn on Monday that notwithstanding adverse commentary in the US and western media, the prime minister's visit to China would reinvigorate the CPEC implementation that had slowed down over the past several months owing to political transition in Pakistan.

He said the progress would be visible during the visit as the two sides would formally ink a framework agreement on industrial zones and set in motion on-ground development of special economic zones (SEZs) starting with Rashakai near Peshawar in Khyber Pakhtunkhwa.

The two sides would also formally sign documents to include Social Sector Joint Working Group of the Joint Coordination Council (JCC) of the CPEC. He said officials from the two governments were currently in the process of sharing final documents.

The two sides have started initial consultations on cooperation in several sectors

The official said the two sides had started initial consultations on cooperation in the agriculture sector which was one of the key areas of the CPEC but could not see any progress in the past because the PML-N government had given top priority to energy and infrastructure sectors, followed by industrial and agricultural cooperation in that order.

A Chinese delegation led by M.A. Aiguo, Vice Minister for Agriculture and Rural Affairs, is currently visiting Pakistan to explore areas of mutual interest in the agriculture sector, considered by the two governments as key to employment generation and increase in crop output.

The delegation had a meeting with Privatisation Minister Khusro Bakhtiar on Monday and was given an overview of Pakistan's agriculture sector that employed 45 per cent of manpower, contributed about 24pc to GDP, 20pc to total exports and provided livelihood to 64pc of the country's rural population, a statement said.

Mr Khusro suggested to the delegation that Pak-China agricultural cooperation need to focus on the vertical increase in productivity of the existing crops, transfer of knowledge and technologies, seed and plant protection, as well as disease control, value addition and marketing of agri products, including dairy, livestock, and fisheries. The mutual cooperation should cover the whole basket of agri-sectors, he added.

He was of the opinion that a joint ventures in value addition, cold chain management for fruits and vegetables, marketing and branding would help Pakistan overcome the past weaknesses and increase its farm products' export to China and other countries.

The statement quoted Mr Aiguo as saying that agricultural cooperation would set a new and important direction that should focus on areas as well as the level of cooperation and finalisation of specific plans. He said China was ready to share its expertise and successful agriculture models with Pakistan.

Both sides agreed to broaden agro-cooperation by adopting a comprehensive approach to fast track communication and implementation to tap potentials of the most important agriculture sector in Pakistan.

Separately, an official said the two sides agreed to sign a memorandum of understanding on the desire of Prime Minister Khan for creation of a joint working group for social sector development.

Pakistan expects China to share its experience in poverty reduction through small-scale businesses and social sector development and provide grants and concessional loans for low-cost housing, education and health facilities.

The two sides had agreed on development of nine special economic zones about a year ago in the four provinces, Azad Jammu & Kashmir, Gilgit-Baltistan and the tribal region but were unable to formally sign a specific framework agreement on industrial cooperation in the run-up to the 2018 general elections.

The framework agreement would enable the two sides to go into details of relocation of Chinese industries to these SEZs and how Pakistan's domestic industry benefits from the Chinese relocation, instead of crippling it as feared by leading businessmen.

The PTI government now wants at least four SEZs to enter ground-breaking phase over the next three to four months.

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<https://www.dawn.com/news/1439310/cpec-may-regain-pace-after-pms-visit-to-beijing>

CPEC CONTRIBUTES 2.5 PERCENT POINTS TO PAKISTAN'S GDP: SPOKESPERSON
RECORDER REPORT OCT 19TH, 2018 BEIJING

A Chinese Foreign Ministry spokesperson Lu Kang said, the China-Pakistan Economic Corridor contributed 2.5 percentage points to Pakistan's GDP growth in the recent year. Such cooperation is welcomed in many developing countries, he said while refuting the US allegation that China uses so-called "debt diplomacy" to expand its influence globally.

He urged the US side to correctly view China's cooperation with developing countries. The Pakistani finance minister also refuted the US statement that the construction of the China-Pakistan Economic Corridor triggered a debt crisis in Pakistan. I think these countries have the most say," Lu said at a weekly news briefing.

In a recent speech, US Vice President Mike Pence charged China with using so-called "debt diplomacy" to expand its influence around the world. US Secretary of Defence James Mattis, during his visit to Vietnam, said China adopted "predatory economic behavior" and piled massive debt on smaller countries that is difficult to repay.

"The United States, presented with multiple facts and statistics, repeatedly fabricated lies and made irresponsible remarks out of its own political needs. This is disappointing," spokesperson Lu Kang told a routine press briefing. China understands the difficulties faced by developing countries and cooperates with them using its own development experience and within its own capabilities, and China assists them without any political conditions, Lu said.

He said such cooperation has strongly promoted the economic and social development of relevant countries and improved the well-being of the people. In fact, China-related cooperation projects only account for a very small part of the debt of the related regions and countries that the US side has been hyping up recently and not a single country is caught in the "debt trap" due to cooperation with China, Lu said.

"By the end of 2017, China's loans accounted for only about 10 percent of Sri Lanka's foreign debt. China's total loans to the Philippines are less than 1 percent of its foreign debt." At the 2018 Beijing Summit of the Forum on China-Africa Cooperation and the 73rd session of the UN General Assembly, many African leaders also voiced their objections to the fallacy that China-Africa cooperation has worsened the debt burdens of the continent, Lu said, noting that they had expressed their desire for development, financing and cooperation.

The United States will not receive support by indiscreetly pinning labels on China, he said. "We urge the US side to correctly view China's cooperation with developing countries, and hope it does more practical things for the development of those countries, rather than stand idle and stir up troubles.

<https://fp.brecorder.com/2018/10/20181019416927/>

NEWS COVERAGE PERIOD FROM OCTOBER 8TH TO OCTOBER 14TH 2018
CPEC FOCUS MUST BE ON JOB CREATION, AGRICULTURE: IMRAN
Syed Irfan Raza Updated October 09, 2018

ISLAMABAD: Prime Minister Imran Khan decided on Monday to shift the focus of the China-Pakistan Economic Corridor (CPEC) from motorways to agriculture, job creation and foreign investment.

The decision was taken in a meeting presided over by the prime minister at Prime Minister Office.

“Earlier, the CPEC was only aimed at construction of motorways and highways, but now the prime minister decided that it will be used to support the agriculture sector, create more jobs and attract other foreign countries like Saudi Arabia to invest in the country,” Information Minister Fawad Chaudhry told Dawn while giving details of the meeting.

He said the prime minister’s proposed visit to China was also discussed during the meeting.

The minister said Prime Minister Imran Khan will pay his first visit to China in the first week of November. “Arrangements are being made for the visit and its date is yet to be finalised,” he said.

Meeting presided over by prime minister discusses his proposed visit to China next month

According to details of the meeting, the prime minister said strengthening the strategic cooperative partnership with China was the cornerstone of Pakistan’s foreign policy and early implementation of the CPEC projects would help realise the true potential of Pak-China economic relations not only for the two countries but for the entire region.

Imran Khan said that CPEC was a great opportunity to learn from the Chinese experience, especially in the social, agricultural and other sectors.

He said that agricultural output of the country, considered as the backbone of economy, could be enhanced manifold by learning from Chinese expertise and employing latest technologies and efficient methods.

Prime Minister Khan stressed the need for focusing on early establishment of special economic zones in various parts of the country along the CPEC which would help the local industry grow through industrialisation and would also create huge employment opportunities for youths.

He said the CPEC under Belt and Road Initiative of President Xi Jinping also offered opportunities to other countries to invest in CPEC projects and reap benefits in various sectors.

“Like Saudi Arabia’s initiative to invest in CPEC-related projects, Imran Khan has offered other countries to invest in it,” the information minister said.

Interestingly, former prime minister Nawaz Sharif at a meeting of his party in Lahore on Monday expressed concern over new agreements [Saudi investment] in the CPEC and claimed that a gulf was being created between China and Pakistan.

However, Prime Minister Imran Khan said the Pak-China friendship would be made stronger.

Foreign Minister Shah Mehmood Qureshi, Finance Minister Asad Umar, Information Minister Fawad Chaudhry, Planning Minister Khusro Bukhtiar, Power Minister Omar Ayub, Advisers to Prime Minister Abdul Razak Dawood and Dr Ishrat Husain, the foreign secretary, secretary planning and other senior officials attended the meeting.

Last year China had temporarily suspended funding of road projects related to the CPEC till what the Chinese authorities said “new guidelines” to be issued from Beijing.

It is expected that the prime minister will raise the issue during his meetings with the Chinese leadership.

Due to suspension of funds, over Rs1 trillion road projects of the National Highway Authority, which were in the pipeline, have been affected. It was also expected that not only road projects but ventures in other sectors of the CPEC, including power, could also halt.

The road projects affected by the decision included 210km Dera Ismail Khan-Zhob road which will be completed at a cost of Rs Rs81 billion – Rs66bn will be spent on construction of road and Rs15bn on acquisition of land.

The estimated cost of 110km Khuzdar-Basima Road is Rs19.76bn — construction of road to cost Rs14.5bn and land acquisition Rs5bn.

Remaining portion of the 136km of Karakoram Highway from Raikot to Thakot will be improved at a cost of Rs8.5bn.

It is expected that the funding of the three projects will be approved at a meeting of the Joint Working Group of the CPEC on Nov 20.

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<https://www.dawn.com/news/1437770/cpec-focus-must-be-on-job-creation-agriculture-imran>

GOVT FIRES BACK AT CRITICS OF CPEC DEBT

Khaleeq Kiani Updated October 12, 2018

ISLAMABAD: Outflows under China-Pakistan Economic Corridor (CPEC) will begin in 2021 and peak over the next three years without creating a debt trap, an official of the Planning Commission with knowledge of the financing arrangements told Dawn on condition of anonymity.

Separately, the Planning Commission released a lengthy statement trying to address the concerns of the global community about Pakistan’s mounting Chinese debts and whether or not CPEC could turn out to be a “debt trap” for Pakistan.

Most recently, the IMF Managing Director told reporters at a press conference in Bali on Thursday that the fund will demand “absolute transparency” about all debt, without explicitly naming Chinese debt, whether under CPEC or not. A day earlier, the IMF Chief Economist Maurice Obstfeld told reporters that Pakistan should avoid “excessive debts which cannot be repaid” when availing Chinese borrowing for infrastructure development.

By contrast, the planning commission official on Thursday said CPEC was rather being expanded and its pace expedited.

He said the debt repayments will start in 2021 with about \$300-400 million annually and gradually peak to about \$3.5 billion by fiscal year 2024-25 before tapering off with total repayments to be completed in 25 years.

The planning commissioned statement tried to strike a more earnest tone. “CPEC is not imposing any immediate burden with respect to loans repayment and energy sector outflows” it said, arguing all debt related outflows will be outweighed by the resultant benefits of the investments to the Pakistan economy. The statement, however, did not give any figures on the size of the outflows or their timeline.

“The present government, with mutual consultation of Government of China is broadening the base and expediting pace of CPEC, within the broad parameters of the already approved CPEC framework”. A mechanism is being developed to include third party participation in CPEC, it added.

The commission reiterated that CPEC was a “flagship” project and most active project of Belt and Road Initiative where 22 projects worth a total of \$28 billion have been actualized over the past four years. “The project could not be compared with Chinese overseas investment in Sri Lanka or Malaysia as frameworks and financial modes of CPEC are altogether different in nature” the statement continued.

CPEC finances are divided in government to government loans, investment and grants. Infrastructure sector is being developed through interest free or government concessional loans. Gwadar Port is grant-based investment which means the Government of Pakistan does not have to pay back the invested amount for the development of the port.

Energy projects are being executed under Independent Power Producers (IPPs) mode and finances are mainly taken by the private companies from China Development Bank and China Exim Bank against their own balance sheets, therefore, any debt would be borne by the Chinese investors instead of any obligation on part of the Pakistani government.

Pakistan has opted for Chinese investment under CPEC due to the favorable financing arrangements, it continued. “China stepped forward to support Pakistan’s development at a time when foreign investment had dried up, and economic activities were being crippled by energy shortages and infrastructure gaps.”

The statement described CPEC as “an engine for economic growth and is expected to increase Pakistan’s GDP growth by 2 to 3pc. CPEC has also facilitated in overcoming crucial energy, transport infrastructure and supply chain bottlenecks.”

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<https://www.dawn.com/news/1438508/govt-fires-back-at-critics-of-cpec-debt>

CPEC’S EXTENSION TO AFGHANISTAN MAY HELP BRING US-CHINA TOGETHER:
MOEED

ALI HUSSAIN OCT 12TH, 2018 ISLAMABAD

The China-Pakistan Economic Corridor (CPEC) extension to Afghanistan is a unifying factor to bring China and the US together to work proactively so that Afghanistan is benefited economically from the mega project.

This was stated by Moeed Yusuf, the Associate Vice President of the Asia Center at the US Institute of Peace, Washington, while speaking as a guest speaker at a public hearing, organized by the Senate Standing Committee on Foreign Affairs on “Pakistan-American Relations: After Foreign Minister’s Washington Visit,” here at the Pakistan Institute of Parliamentary Studies in Islamabad (PIPS) on Thursday.

Moeed Yusuf said that there are indeed nervousness and concerns over the rise of China in the US, but there are others who continued to argue that the concerns should not overwhelm the elements of cooperation and joint interests. Citing Afghanistan as the best example for such a cooperation, he said that the US and China have a mutual interest of investing more in Afghanistan, adding that over the time, both the countries will find the elements of cooperation.

For the countries like Pakistan, he pointed out that the key here is how Pakistan positions itself at the center of US-China cooperation in a way that it does not become victim of the great powers’ cooperation. “To me, the starting point is already very clear. The extension of CPEC to Afghanistan is a joint endeavor and I think Afghanistan, Pakistan, China and the US need to work proactively to shift the conversation from terrorism all the time to [a joint cooperation] – as how Afghanistan can be benefited from the CPEC,” he added.

Moeed Yusuf, who is an expert on Pakistan-US relations, pointed out that the discussions between Pakistan and the US at present are primarily focused on Afghanistan’s reconciliation process and the two countries also need to include bilateral issues in their talks.

Yusuf said that Pakistan and the US at present do not enjoy a bilateral relationship independent of Afghanistan and “all our mutual conversations are revolving around Afghanistan.” In order to make Pakistan-US relations better, he said that there is a need to dispel the negative perception in the US that always sees Pakistan as part of the problem and not the solution.

However, he acknowledged that presence of a full time foreign minister who is well-known in the US has been taken positively and the recent visits on both sides have helped the cause well.

“There is a glimmer of hope in stabilizing the relationship and both sides need to understand that they have no other options, but to work together,” he said, adding that there should be focused conversations and deliberating on a common vision of the two countries. He said that Pakistan will continue to have a vital role in peace and stability in Afghanistan, adding that there is a need to utilize Pakistan’s role in Afghan peace process. He said that Pakistan needs to be involved in the Afghan peace process.

He said, “A broken US-Pakistan relationship affects China-US relationship, hence making it better is all the more important while also taking measures to recreate space to cooperate on our own bilateral relationship.”

To a question, he said that the US would continue to keep its counterterrorism force in Afghanistan for sometime. Responding to another question, he said that there is a need that Pakistani intellectuals should ensure their presence in the US think tanks to project Pakistan's interests.

In his remarks, the chairman of the committee Mushahid Hussain Sayed, said that there is a 'glimmer of hope' in US-Pak relations and with cautious optimism on both sides, things will get better. He said that with uncertainties removed from both the sides, Pakistan-US relations can continue to grow better. He also said that regional connectivity via CPEC can promote regional cooperation between Pakistan and Afghanistan.

Former ambassador to the US and ex-foreign secretary Jalil Abbas Jilani observed that at this unpredictable juncture of US-Pakistan relations, building trust is very significant for reengagement between both the sides. He said that the US needs to appreciate and understand Pakistan's legitimate security concerns vis-à-vis India and Afghanistan and measures for retaining goodwill are needed.

Ambassador Jilani said that resettlement of US-China relations is of key importance to the stability of the region for which Pakistan will continue to play its role. He said that recent interactions between the US and Pakistan are on a positive line and Washington now understands that some areas of its earlier policy towards Asia are not workable.

Senator Sherry Rehman said that both US and Pakistan need to make their rationales clear, adding that Pakistan has always sought to be seen as a serious and useful interlocutor for the peace process in Afghanistan and it is high time that US understands this. Dr Rasool Bakhsh Raees observed that the stalemate in the relationship has something to do with Islamabad and something to do with Washington. He said, "Both sides need to understand that it is a 40 years old war that we are talking about and it cannot be hurried to just any imprudent solution." He said that the only viable solution to Afghan problem is talking to the right party.

<https://fp.brecorder.com/2018/10/20181012414535/>

CPEC TRANSPARENCY

Editorial Updated October 13, 2018

A MOMENT of truth seems to be rapidly approaching for the PTI government. The managing director of the International Monetary Fund said clearly that the fund will expect "absolute transparency about the nature, size, and terms of the debt that is bearing on a particular country", and although she did not explicitly mention China in her remarks, they were given directly in response to a question about Pakistan's stockpile of Chinese debt.

The transparency must extend to "the extent and composition of that debt," she added, whether it was government-owned or by state-owned enterprises "or the like of it", which presumably means it also includes private-sector debt.

The government representatives enjoy giving the figure of \$95 billion as the total size of Pakistan's external debt in their public remarks in an attempt to impress upon us all the sheer size of the debt mountain they have inherited.

Since this figure includes bank borrowing and other private-sector debt, we can see this repeated mention of it as a sign that all debt, whether private or public, has a bearing on Pakistan's external debt sustainability.

If the IMF indeed insists on disclosure of the "extent and composition" of all debt, including CPEC related, then the government has an obligation to ensure that such details are also shared with parliament and the State Bank of Pakistan. The government and the IMF cannot keep the details of these future liabilities, that have a direct bearing on the country's external debt sustainability, as a private matter purely between themselves.

At the moment, even the State Bank does not have these details and has to compile its own debt sustainability forecasts on the basis of whatever open information there is, meaning the curator of the country's foreign exchange reserves is left to draw external debt sustainability forecasts on the basis of informed guesswork.

Even the payment mechanism involved in the Chinese projects were not known to the State Bank, resulting in a significant under-reporting of imports from China because many of the payments were not routed through this country's banking system.

The PTI leadership, while in opposition, made strong demands for full disclosure of all CPEC deals, as well as the LNG deal.

In their early days in power they repeated their commitment to follow through on their promise to disclose both of these. But today they are backtracking from this commitment.

If their hands are tied through legal covenants that prohibit disclosure, then surely these also apply to the sharing of such details with the IMF.

It would be unacceptable to have a situation where the government and the IMF are both in on the details of these important deals, while the people of Pakistan and the State Bank are left to guess what the future holds for them.

Published in Dawn, October 13th, 2018

<https://www.dawn.com/news/1438680/cpec-transparency>

DEPT FINDS FIRM'S PLANNING FOR RASHKAI, HATTAR ECONOMIC ZONES FAULTY
10/14/2018 12:00:00 AM

PESHAWAR: The Khyber Pakhtunkhwa planning and development department has conveyed serious reservations to the Economic Zones Development and Management Company about its 'faulty' planning for the establishment of Rashkai and Hattar special economic zones.

A meeting took place on Sept 9 regarding the documents submitted by the provincial government-owned EZDMC to the Board of Investment and Special Economic Zone Secretariat, Islamabad, regarding Hattar and Rashkai zones.

The provincial additional chief secretary chaired the meeting, which was attended by senior P&D and EZDMC officials.

On Sept 11, the P&D department wrote a letter to the company's chief executive officer insisting that detailed presentations were given in the Sept 9 meeting highlighting serious shortcomings and inconsistencies in Rashkai and Hattar EZDMC plans but the company's representatives didn't give any explanation for them.

The 20-page letter dissected the company's plans for setting up Hattar and Rashkai SEZs under the CPEC project and noted that both documents were reflection of weak and inexistent intra-organisational quality assurance and quality control system.

'The submittals are characterised by poor narration, which is most of the time difficult to comprehend and make sense of,' it said, adding that documents had data conflict and mistakes in simple mathematic calculations.

The P&D department went on detailing mistakes and inconsistencies in the company's financial analysis, cost estimates, foreign direct investment, field investigations, master plans, project schedule, operational plan, data, power plant capacity, special purpose vehicles and land transfers to it.

It pointed out that the company's internal rate of return and net present value calculations were not correct.

'The submittal shows a negative NPV of 6.7 per cent only \$4.7 million which is grossly misrepresented and application of given IRR of 6.7 per cent to project cash flows gives a negative NPV of \$65 million under the most optimistic scenario,' it said.

The department said the project was based on flawed financial model that is expected to cause a huge loss to the national exchequer and therefore needs to be reviewed.

It said the submittal lacked geological and topographical data and non-conduct of field and laboratory investigations.

'A project with such a large financial outlay must be based on proper, detailed field investigations,' the letter read.

Regarding the industrial estate master planning, the department said the plot sizes hadn't been defined and there was no size wise distribution of the plots and plan lacked required length of detail.

It said there was no master schedule for such a major project and project proposal submitted to the SEZ Secretariat rather contained six separate schedules.

'While the CSEZ was expected to integrate two geographically separated SEZs into one, the submitted schedule divided a single CSEZ into six separate projects due to a lack of integrating master schedule,' it said.

The department said the project's operation period was about 27 years but no operational plan had been worked out.

It said values of directly created job 15,000 to 300,000 which represent a divergence of 2000 percent. The plans also lacked detailed drawings.

The department said though the document said SEZs were being designed to attract foreign direct investment, an appendix showed that Pakistan as highly dangerous country ranked on 4th in global terrorism index and ascribed high demand for pharmaceutical products due to a large number of casualties resulting from terrorist attacks.

It asked the company to rectify the shortcomings and inconsistencies in planning for two economic zones.

https://epaper.dawn.com/DetailImage.php?StoryImage=14_10_2018_007_003

CPEC INVESTMENT TO HELP SAUDI ARABIA CUT DEPENDENCE ON OIL

By APP

Published: October 14, 2018

BEIJING: There have been solid indications that Saudi Arabia is interested in investing in the port city of Gwadar and other projects under the China-Pakistan Economic Corridor (CPEC).

It is quite beneficial for Saudi Arabia to participate in the mega-project as it helps link its economy with China's and facilitates the successful implementation of Crown Prince Mohammad bin Salman's Vision 2030, according to an article published by China.org.cn the other day.

As part of a holistic plan, one of its main objectives is to increase diversity in the Saudi economy, providing jobs for the kingdom's young population and modernising the country.

Launching power plants and energy projects in Gwadar could help diversify the Saudi economy and reduce its dependence on oil. In addition, Saudi Arabia can benefit from the global trade traffic at the port and widen its business opportunities.

In the meantime, the United Arab Emirates has also been helping in providing amenities to locals in Gwadar. Running a container service connecting the cities of Sharjah, Abu Dhabi and Jebel Ali with Gwadar, the UAE has recently launched the Karachi-Gulf Express.

If the investment plans materialise, the involvement of Saudi Arabia and the UAE would further boost Gwadar's zone of influence and have a positive impact on the global economy in the long run.

China already has excellent relations with these Middle Eastern states and such inclusions work very well both from the geo-economic and geopolitical standpoint.

Though the nature and scope of investment is not confirmed yet, such a trend in investments firmly establishes the viability and feasibility of all other CPEC projects as well and completing the model city of Gwadar is the best way to showcase the entire 'flagship corridor'.

With the possibility of the inclusion of Saudi Arabia, more Middle Eastern states and African states like the UAE and Egypt could also want to participate in such projects.

Based on the principles of “openness and inclusiveness”, such collaborations project the ethos of the Belt and Road Initiative and provide a platform for China as well as other countries located near the routes or ‘corridors’.

Explaining Prime Minister Imran Khan’s vision behind giving top priority to the rapid industrialisation plan for the port city, Minister for Planning and Development Khusro Bakhtiar said, “We cannot afford to wait any longer as our economy does not have the luxury of time. Industrialisation in this port city is a low-hanging fruit, considering its prospect of international connectivity and the suitable cost of transportation.”

This one milestone can provide a plethora of opportunities that go with a blue economy and help rescue Pakistan from its economic travails.

Giving Gwadar the level of a ‘stand-alone’ project, preparations are under way to encourage friendly countries to invest in the next phase. Attaining international levels of development, the Gwadar Port can kick-off full-scale operations and handle 300 million to 400 million tonnes of load of goods yearly once it reaches complete capacity.

Enabling the largest ships to dock due to the harbour’s natural depth and layout, Gwadar would benefit the entire region like no other port.

Improving local infrastructure has also remained the main precondition for making Gwadar an attractive investment destination and showcases the project’s immediate value.

Highlighting the location and free-zone potential of the port city as its first priority, a Gwadar Smart City Master Plan is also being discussed. Providing water, energy, road and railway connectivity are also prerequisites for the feasibility of the project.

Setting the urban development of the city as a short-term target, the planning commissions of both China and Pakistan agreed on developing Gwadar and establishing industries first.

As Zhou Rong from the Chongyang Institute for Financial Studies advised, “The country has to push forward the construction of industrial parks under the CPEC, which can be a driving force for attracting clusters of industries.”

<https://tribune.com.pk/story/1825361/1-cpec-investment-help-saudi-arabia-cut-dependence-oil/>

CPEC’S FUTURE PROSPECTS HIGHLIGHTED

The News October 14, 2018

LAHORE: The Executive Director of Pakistan-China Institute, Mustafa Hyder Sayed, was invited to speak as a distinguished speaker at a panel discussion held jointly hosted by the World Bank and the Lahore University of Management Sciences, held at the university premises, says a press release.

The event was titled: ‘The Pak100 conference: Where do you see Pakistan in 2047?’ with a specialised discussion on the future of Pakistan’s neighborhood. The panelists for this discussion

included ex-Chief of General Staff (CGS) Lieutenant General (R) Waheed Arshad, MNA and ex-foreign minister Hina Rabbani Khar and Ejaz Haider.

Mustafa Sayed talked specifically about what regional cooperation and the political and economic landscape of the region will look like within the framework of and with the advent and progress of the flagship project of the Belt and Road Initiative, the China-Pakistan Economic Corridor (CPEC). He brought to attention the numerous benefits to Pakistan in the long run that will outweigh any immediate problems quoted with regard to CPEC. He particularly mentioned benefits to the manufacturing sector with the creation of Special Economic Zones and massive job creation as a result.

“The SEZs will serve as an engine to get us out of balance of payments crisis to increase our exports. The Rashakai SEZ and the Hattar SEZ all have inputs from local industries of KP. To make it a resounding success, we need due diligence on the feasibility of these SEZs.” He also pointed out the importance of infrastructure financing for the long-term socio-economic growth of the country. He clarified concerns regarding Chinese debt and unfair terms of business, and agreed to the need of environmental standards and transparency with all projects Pakistan undertakes in the future.

Other speakers also provided key inputs in addressing Pakistan’s needs for the future. Lt Gen Waheed Arshad said, “We have to better our internal security to put the investment on the right track. Our country will benefit from CPEC if we have a regional connectivity framework.”

Hina Rabbani Khar, who has extensive experience as she served as foreign minister of the country, said that our approach to the region has to change since the regional dynamics are changing day by day. She further focused on the need to invest in renewable energy and technology for the future for 2047.

Ejaz Haider, a defence analyst, talked about the importance of civil supremacy for the country’s future. He said, “It is the view of civilian principles that has to prevail but frankly that has not happened.” He further talked about the future of Pakistan-China relations in the context of 2047, saying that Pakistan-China relations also need to be studied structurally rather than with regality.

The event was attended by students from LUMS, with highly interactive discussions taking place at the end of the session.

<https://www.thenews.com.pk/print/380799-cpec-s-future-prospects-highlighted>

NEWS COVERAGE PERIOD FROM OCTOBER 1TH TO OCTOBER 7TH 2018

S. ARABIA NOT TO BE MADE PART OF CPEC

Khaleeq Kiani Updated October 03, 2018

ISLAMABAD: Pakistan said on Tuesday that Saudi Arabia would not be made part of the \$50 billion China-Pakistan Economic Corridor (CPEC) framework and the kingdom’s proposed investments would fall under a separate bilateral arrangement.

Speaking at a joint news conference with Information Minister Fawad Chaudhry, Minister for Planning and Development Khusro Bakhtiar said there was no decision to bring a third country, like Saudi Arabia, under the framework of the CPEC.

He was responding to a question about the possibility of Saudi Arabia becoming part of the Joint Working Groups (JWGs) or Joint Coordination Committee (JCC) on the CPEC between China and Pakistan. He said there could be many offshoots of the CPEC where third countries could be involved in trilateral arrangement for infrastructure development, like China-Pakistan-Japan, China-Pakistan-Saudi Arabia or China-Pakistan-Germany.

Minister says there could be many offshoots of the project where third countries could be involved

“Saudi Arabia is not to become a collateral strategic partner in the CPEC. This impression is not true,” he said, adding that the third country participation in the CPEC was not limited to Saudi Arabia but other countries could also become part of the business and investment ventures arising out of the CPEC. “The framework between China and Pakistan is bilateral and Saudi Arabia is not entering that framework as a third-party investor, rather the base of CPEC will be broadened and its pace will be expedited.”

The planning minister expressed ignorance when asked how the cost of Main Railway Line (ML-I) had been reduced by \$2bn from \$8.2bn to \$6.2bn as claimed by Railways Minister Shaikh Rashid Ahmed. “I have noticed this today that Sheikh Rashid is making some efforts [to reduce cost] but not to my knowledge. Nothing has come in front of me to suggest that the cost has come down.”

He said it was however for the new government to adopt a new model on the basis of financial viability of the ML-1 on build, own and operate (BOT) model so that its loan repayment did not become a responsibility of the government like the previous government which procured loans and built projects on EPC (engineering, procurement and construction) contracts.

Interestingly, the previous government, during whose tenure Mr Bakhtiar was an MNA, had announced that the ML-1 would be built on BOT model.

In response to a question, Mr Bakhtiar said the CPEC portfolio currently stood at about \$50bn, of which about \$6bn was government-to-government loan and remaining in IPP mode mostly in the energy sector. About \$29bn worth of projects were currently in progress.

He said the CPEC had far bigger potential than \$50bn and would keep expanding with time as new projects come up but the previous government treated and played it like a T20 match instead of a five-day test series and focused mostly on projects which could be completed during its tenure.

The minister blamed the PML-N government for irresponsible governance and questioned where it lost \$32bn low oil price bonanza. He said the economic growth of the previous government was based on borrowed money that led to increase the national debt.

He said the PML-N government did not pass on the benefit of low prices to the consumers and external debt amounted to 72pc of the GDP and total public debt went beyond Rs28 trillion. He was reminded that external debt was way below almost 31pc of GDP and he agreed.

Likewise, he said only 70,000 people in the country were direct taxpayers and return filers but when challenged said meant those earning income above Rs200,000 per month. He also claimed that the PTI government has banned all power projects on all imported fuels to shift focus on renewable

energy sources and hydropower. When reminded that ban on power projects on imported fuels was imposed in May 2016, he said the project already completed and those in progress would go on but if such projects were planned but not started would not be allowed to take off.

He criticised the PML-N government for what he alleged painting artificial economic growth numbers when the losses of state-owned enterprises (SOEs) increased from Rs500bn in five years to Rs1trn and circular debt of the power sector jumping from Rs583bn in 2013 to Rs1.2trn now.

He said that previous two governments had mismanaged the country's economy to the extent that the present government has to set the direction in every field. He said the PML-N government is taking up the issue of slash in development spending but did not disclose truth to the nation that it is befooling the masses by stating higher allocation whereas actual utilisation was 34pc lower. He said total development spending was Rs661bn last year against an allocation of Rs1trn in the budget.

"They had neither resources nor the will to increase the spending but were showing higher allocation to befool the nation," he added. The previous government also included 343 unapproved schemes of Rs55bn in development schemes of the last budget which have been excluded from the budget.

Published in Dawn, October 3rd , 2018

<https://www.dawn.com/news/1436506/s-arabia-not-to-be-made-part-of-cpec>

CPEC: UMAR SAYS PAKISTAN, CHINA "SOLE STRATEGIC PARTNERS"
ZULFIQAR AHMAD OCT 4TH, 2018 ISLAMABAD

Federal Minister for Finance Asad Umar on Wednesday categorically said that Pakistan and China are the "sole strategic partners" in multibillion dollars China-Pakistan Economic Corridor (CPEC) project. In his shortest ever winding up speech on the finance bill in the Senate, he said that Chinese foreign minister during his recent visit to Pakistan had said that any country interested in making investment in an individual project under the CPEC would be welcomed.

"After discussion with Chinese foreign minister, we took the initiative during Prime Minister Khan's visit to Saudi Arabia, as Saudis also showed interest to make investment in individual projects under the CPEC," he added.

Soon after the Prime Minister returned home, Information Minister Fawad Chaudhry had said that Saudi Arabia would be the "third strategic" partner of Pakistan in CPEC project. But a day ago, Minister for Planning and Development Khusro Bakhtiar denied it in unequivocal terms, saying Saudi Arabia is not the strategic partner.

Responding to questions by Raza Rabbani who drew the attention of the minister towards the issue, the finance minister said that he fully endorsed the statement of the planning and development minister about the confusion as he is the relevant minister.

About the mini-budget, he said that the previous government used to call CPEC a game-changer but it didn't bother to share the details of this project with Parliament for two years.

“The PTI government will not sign any secret agreement...we kept asking for the details about CPEC project for about two-and-a-half years but no province was told anything about CPEC projects except Punjab,” he added.

The recommendation made by the Upper House that non-filers should not be allowed to purchase property, he added, was incorporated in the Finance Supplementary (Amendment) Bill 2018 with some amendments.

As per the amendments, he said, expatriate Pakistani who send remittances through legal means would be allowed to acquire property and vehicles in the country. He said that people purchasing vehicles up to 200-CC would also be exempted from this restriction.

“Fine would be imposed if someone acquires property or vehicle despite being non-filer. I would also like to clarify that an overseas Pakistani who stays in the country for 182 days, will also have to file his tax returns,” he added.

“In order to facilitate the poor, the government has also brought down general sales tax (GST) and regulatory duty from 30 to 10 percent, as our job is to give relief to the poor who is using wood, LPG, etc. So we’ve decided to slash the duty and regulatory duty on import of LNG from 30 to 10 percent,” he added.

Umar said that that all the supplementary budgetary proposals would be effective from July 01, 2018, as financial year starts from July 01 and there could be no changes.

He said that women who have inherited properties and had no other source of income, have also been exempted from taxes, as these people especially women had to face a lot of hardship after inheriting properties after the death of their parents.

About giving relief to erstwhile Federally Administered Tribal Areas as well as well the Provincially Administered Tribal Areas, he said there areas have been exempted from taxes, as it had already been agreed with the integration of FATA with Khyber Pakhtunkhwa.

To a question raised by Senator Hasil Bizenjo of National Party and Raza Rabbani of PPP about government’s decision to invite Saudi Arabia for making investment in Reko Diq gold mine project and building oil refinery in Gwadar in Balochistan province, he said that it is being done after taking the province into confidence.

Both the senators declared it a direct clash with Article 172 of the Constitution, which bars the Center from interfering in matters pertaining to provinces particularly after the 18th Amendment.

“We’ve already lost the case at London Court of International Arbitration (LCIA), which caused a huge loss to the national kitty, so again when the Saudis asked us for a solution, we agreed to it,” he added.

He dispelled the impression that Balochistan is not on board as the issue had already been discussed in a meeting of Council of Common Interests (CCI), adding the government would not take any step which is against the Constitution and provincial autonomy.

“It’s absolutely wrong that the federal government has nothing to do with matters related to provinces. The center does have a role, but the province has the right to decide for such matters, so we’re doing this after taking the province into confidence,” he maintained.

He continued, “Saudi Arabia wanted to help us out after we lost the case before LCIA. This was the reason we discussed the issue in CCI, where the chief minister Balochistan was present and then we proceeded with the project.” He also said that Balochistan ministers were also present at a meeting with Saudi officials in Gwadar this week.

Umar said that the PTI government would not encroach upon the rights of the provinces no matter what, adding the government wants to start working on national Finance Commission Award (NFC), for which he had written to all four chief ministers to send names of their representatives, but they are yet to respond. “I want to appeal all the four chief ministers again to send names of their representatives so that we can start work on NFC as soon as possible,” he added.

<https://fp.brecorder.com/2018/10/20181004412533/>

TEHRAN HAS NO OBJECTION OVER INCLUSION OF SAUDI ARABIA IN CPEC, SAYS IRAN’S ENVOY

Syed Ali Shah October 04, 2018

Iran’s ambassador to Pakistan Mehdi Honardoost on Thursday clarified that Tehran had no objection over the inclusion of any country in the China Pakistan Economic Corridor (CPEC) project, DawnNewsTV reported.

When asked about Saudi Arabia’s possible partnership in the CPEC, the Iranian envoy said, “CPEC is not just a trade or business project, it offers a platform to the regional countries to get united.”

The Iranian envoy expressed these view following a five-day visit to Quetta, where he was accompanied by the Iranian consul general and other officials.

Honardoost welcomed investment in Pakistan, he was of the view that the Muslim countries should get united and foil the conspiracies being hatched against them.

The Iranian ambassador went on to assert that Pakistan and Iran were strategic partners and brotherly Islamic countries who enjoyed decades-old ties.

He, however, said that some miscreant elements were carrying out cross-border attacks along the Pak-Iran border to hamper the brotherly ties. “We would not allow such elements to affect our historic relations,” Honardoost said.

<https://www.dawn.com/news/1436810/tehran-has-no-objection-over-inclusion-of-saudi-arabia-in-cpec-says-irans-envoy>

‘CPEC CREATED 75,000 JOBS IN LAST FIVE YEARS’

BR RESEARCH OCT 5TH, 2018

Dr Shahid Rashid has been serving since March 2017 as the Executive Director of Centre of Excellence, China-Pakistan Economic Corridor (COE-CPEC) – a joint initiative of Pakistan Institute of Development Economics (PIDE) and Ministry of Planning, Development and Reform (MOPDR). A supply-chain-management and project-management professional with over 17 years of local and global experience, Dr. Rashid obtained his PhD from Loughborough University, UK (2009). He has been actively involved in teaching and research at different universities as visiting faculty. Previously, he was Deputy Director Supply Chain Management in CPEC Secretariat, MOPDR. Prior to that, he was General Manager and Deputy Project Director at National Development Complex, NESCOM Islamabad. Alongside his other academic contributions, he has successfully supervised 4 PhD projects; another two projects are in progress, including one specific to CPEC.

Below are edited excerpts from BR Research's recent sit-down in Islamabad with the chief of Pakistan's leading research body on CPEC:

BR Research: There is some confusion as to this center's mandate, its target audience, and the tools it has at its disposal to deliver its mandate. Can you help us understand those three things?

Dr. Shahid Rashid: To answer your question, I will need to get into a little bit of background. As you know, there is a JCC for CPEC, under which five joint working groups exist. Each working group is associated with a line ministry for the specific, relevant projects under CPEC. For instance, Secretary Communications and the NHA are looking after all the transport-related projects. This structure has been there for the early-harvest projects in the 1+4 themes: first one is the construction of the corridor and the latter four areas are infrastructure, energy, Gwadar, and industrial cooperation.

In the early-harvest phase, the government-to-government engagement was paramount – it had the advantages of being smooth and focused. But the later stages of CPEC – such as, in the medium-term to cultivate the market, and in the long-term to attain sustainable growth through different industrial activities – will involve the private sector more as they include business-to-business and social linkages. Those linkages will need a lot of research so that both the Chinese and Pakistani stakeholders understand what the niches for win-win cooperation are. This was why the Center of Excellence was created. The objective is to carry out relevant research to smoothly transform CPEC from early-harvest to medium and long-term phases.

Our target audience is both the government and the public at large and for each of those we have developed specific products. For instance, “CPEC Policy Paper Series” has been developed and published to recommend policymakers the needed policy interventions to sustainably build the economic corridor in orderly, inclusive and viable way. The “CPEC Working Paper Series” provides the foundation to develop the policy recommendations through evidence-based, in-depth research focused on key areas and prevailing issues of CPEC. The core readership of the working papers includes universities, research institutions and think-tanks working on CPEC both at national and international level.

Another product is “CPEC Quarterly Magazine,” which is a multi-perspective product, including Reader's Corner, CPEC Project Updates, CPEC Opportunities and this Center's events & activities. It aims to inform a diverse group of audience about CPEC, including the business community, diaspora, government departments, lawmakers, civil society and diplomatic community across the country and abroad. Development of true narrative is vital for CPEC, for which a case-study series has been

launched namely “CPEC Insight’s” to debunk the myths and inform the interested parties with facts and figures

We use a diverse set of qualitative methods and quantitative tools at COE-CPEC, and their use varies from problem to problem. For instance, SIMUL8, Arena and Stella have been used to analyse different freight transportation scenarios and their implications under CPEC. Different databases, digital library and knowledge management system are in place to improve efficiency of the enterprise.

BRR: How have you organised the COE-CPEC research teams?

SR: As you know that CPEC has a set of inclusive and diverse projects that cut across different sectors of economy and society. Keeping in view the long-term prospects under CPEC, we have divided our research into six thematic areas related to CPEC. These areas are socioeconomic impact, trade and industrial cooperation, regional connectivity, job growth and human resource development, financial sector integration, and urban development.

It took a while before we reached optimal strength. However, at present, each of the thematic areas is headed by a foreign qualified PhD scholar having suitable expertise and exposure. Each team has a senior research fellow, a research associate and research interns. The team workplace is configured in a shape of thematic cluster to boost harmony and efficiency. Besides the research thematic teams, the strategic communication team devises and manages ways and means to disseminate the research work of the enterprise, connecting within Pakistan and with rest of the world through an ERP tool and a multi-lingual (English, Urdu & Chinese)

Moreover, the COE has adopted the “Triple Helix Model” of collaboration and innovation to collect the wider national and international viewpoints to support the inclusive development. The 1st phase of our “CPEC Competitive Research Grants” has been initiated in Sept 2017, which is almost concluded with generation of 81 research studies on CPEC so far. Those studies are contributed by scholars and practitioners from across the country.

BRR: So it’s been almost a year since the center started working at optimal capacity. What kind of research targets were set and what deliverables have come out thus far? Also, is there a process or criteria to select specific research themes?

SR: There are two committees that look after COE-CPEC. First, we have the Steering Committee, which supervises this body and has its meeting once a year. Then we have the Research Advisory Committee (RAC), which helps us in setting our research priorities and meets twice a year. Both committees include relevant and renowned people both from the government and outside.

One Steering Committee meeting and three RAC meetings have been conducted so far, setting the specific research agenda on CPEC-related key topics, including current issues and future needs. We have completed more than 90 analytical publications compiled in the four product categories discussed earlier and downloadable versions of these are available at our website. Another twenty publications are in the pipeline.

BRR: For external validation, are you getting published in research journals?

SR: We highly support our authors getting published in quality journals. We have also requested the HEC and they have shared our request with all the universities working in the Social Sciences area to open a special issue on CPEC within their rated journals. I have requested PIDE, which is our executing body, to open a special issue on CPEC. Some of our research is already published as our papers are regularly accepted in conferences at local universities.

BRR: That's very good. But what about getting published in foreign journals?

SR: We have submitted papers to foreign journals and we have been accepted as well. One of the research papers from the socioeconomic team has been accepted by an international journal. One of our energy team's papers has recently been submitted to a top energy journal abroad.

Since foreign journals take their time to accept papers, we cannot afford that our local stakeholders stay away from the research after we produce it. There is no point making the policymakers and public waiting. Therefore, our publication policy is that we first publish our work as working paper or as a quarterly or insights for local audience and after that, we send the selected papers for acceptance in international and quality national journals.

BRR: What kind of research collaborations do you have with local universities?

SR: We have not only signed MoUs with several universities, but we are also actively collaborating with several universities in Khyber Pakhtunkhwa, Punjab, Gilgit-Baltistan, Balochistan, Sindh and AJK. We are also working with the Higher Education Commission (HEC), National Vocational & Technical Training Commission (NAVTTTC), Pakistan Industrial Technical Assistance Centre (PITAC) and few other public and private institutions. For instance, in collaboration with NAVTTTC, a database is under development for vocational demand and supply for CPEC. We would like that more Pakistani managers, engineers and labour get the opportunity to be employed in CPEC projects.

BRR: So this NAVTTTC database will be like a CPEC job portal?

SR: Certainly. We have noticed that the Chinese companies working in Pakistan need to have a better familiarity with the local labour market dynamics. A national-level portal can help these companies fill vacancies for both white-collar and blue-collar jobs. This can help bridge the gap in the market. This portal will be run by NAVTTTC for blue-collar jobs. The portal's beta-version is under process. I think it should be ready within a month, for in-house troubleshooting and discussion among Pakistani and Chinese stakeholders. Thereafter, a similar one could be established for white-collar jobs under the supervision of the HEC.

BRR: Let's now turn to the thematic areas you identified earlier. In terms of human resource development, what does the center's research suggest about alignment between local labour-market dynamics and the labour requirements of CPEC projects?

SR: Our research has looked at what happened in the last five years under CPEC. It shows that about 75,000 jobs have been created in the past five years on some 22 projects, out of which nine projects are complete. Our analysis shows that in the six road/transportation-related projects, 51,000 blue-collar jobs were created, out of which 48,000 were held by Pakistanis. In another study, concerning the Sahiwal Coal Power Project, we found that 220 Chinese engineers and managers were working in

the operational phase, alongside 190 Pakistani engineers and managers. These Pakistanis were also sent to China for training before they started their work in Pakistan.

The point is that Pakistan's labour has not been shut out of CPEC. The Chinese labour and employees are six to ten times more expensive than what you can hire in Pakistan. The security, traveling and lodging of the Chinese, all those things need extra money. The Chinese have the plan to replace Chinese workforce in CPEC with local people after training. The NAVTTC database can also be instrumental in this process by keeping an eye on the workforce demand originating under CPEC, in terms of skill-sets as well as locations.

BRR: With reference to the need for export-led industrialisation, what does COE-CPEC research suggest on CPEC's potential impact on boosting Pakistan's export capacity and competitiveness?

SR: Pakistan's existing industries need a lot of improvement to become export competitive. In my opinion, Pakistan has been caught by "diversification trap" for many years, which has limited our export sector to merely textiles, food, few minerals (mostly the raw materials), and too few recipients including US, China, EU and few others. It is a need of the day to curb this trap and expand the value-adding frontiers of different product sectors to a higher level of produce to be sold to new markets, especially to China, which is the second-largest global importer having \$1.3 trillion annual quantum.

Besides, there are a few processes which are limiting our exports and must be improved in collaboration with China. These include: market research & marketing, international business development, standards' compliance, branding & packaging, and logistics & transportation.

Pakistan has a lot of endowments in terms of raw materials; but its industries have been unable to transform them into competitive exports. Under CPEC-related industrial cooperation, the thinking is to move Pakistani industries a step ahead in the global value chain. This will take place through joint-development of the Special Economic Zones (SEZ). China's successful SEZ development experience can really benefit Pakistan by enabling the SEZs to establish backward linkages with domestic small and medium enterprises (SMEs) and forward linkages with global markets.

However, proactive participation of Pakistani business community and entrepreneurs is must to come up with practical ways and means to get maximum benefits of the infrastructure development under CPEC and to make joint ventures with suitable Chinese enterprises to leverage diversification and boost exports.

BRR: Has the center's research identified any specific sectors that Pakistan can develop under CPEC industrial cooperation?

SR: Our research has picked out the labour-intensive, light-manufacturing sector as a promising area in which Pakistan has limited production capacity and hence imports a sizeable chunk of \$5 billion p.a. from China. This sector includes: valves and pumps, telephone and broadcasting equipment, trunks and cases, and rubber and plastic items. This sector is saturating in China due to labour becoming expensive there. Our research shows that China is going to re-locate this sector – in which China has exports of \$400 billion p.a. – to BRI countries, to continue exporting products into the Middle East, Africa and Europe. Pakistan is ideally located for this relocation of China's enterprises and global orders, thanks to Pakistan's raw material endowments, local skills in this segment, lower wages, and its proximity to Middle East, Africa and Europe.

In terms of China's imports, we see that its food imports are more than \$63 billion p.a. – out of which Pakistan has a share of less than \$1 billion p.a. One of the reasons is that Pakistani food producers and exporters do not completely understand the compliance requirements, certifications & standards, branding and packaging demands of the Chinese market. Given that Pakistan has various agriculture and livestock endowments, local companies can liaise with Chinese companies and expand food exports to the Chinese market to reap the low-hanging fruit through exports.

BRR: Moving onto regional connectivity under CPEC, can this north-south corridor expand east-west?

SR: It is already planned that way. All the CPEC nodes within Pakistan can help Pakistan connect with regional countries. There is a link with China (through Khunjerab), several linkages with Central Asia (through Western alignment), potential connectivity with Iran (through Gwadar), and a maritime connection with the Middle East and Africa. All this connectivity will help the logistic and trade performance of Pakistan, China and region at large.

BRR: What is the potential for socioeconomic spillover?

SR: One of the core objectives in the CPEC Long-term Plan is to improve Pakistanis' livelihoods, especially in deprived areas. For that, connectivity is the key thing. Few of the projects that are completed on the CPEC Western alignment pass through some of the most remote areas. Thanks to completion along that alignment, growers and small businesses are now better connected to the main markets, which previously took a long time to travel to.

Similarly, energy projects in Thar have brought community development (schools and hospitals) and provided livelihood training to local people, including women. Chinese grant projects are also moving ahead to contribute to the social sector development under CPEC across the country including Gwadar. Concluding all, I would say that CPEC is an opportunity we have to tap and reap jointly with our "all-weather friend" China and for that Pakistani nation has to think back and adhere to the sayings of our great Quaid Muhammad Ali Jinnah: "Unity", "Faith" and "Discipline".

<https://www.brecorder.com/2018/10/05/443860/cpec-created-75000-jobs-in-last-five-years/>

November 2018

NEWS COVERAGE PERIOD FROM NOVEMBER 19TH TO NOVEMBER 25TH 2018

TRADE AND MARKET ACCESS UNDER CPEC

By Yasir Masood Published: November 24, 2018

PM Imran Khan's recent visit to China has offered new avenues to extend the scope of China-Pakistan Economic Corridor (CPEC). The corridor is a harbinger of change for Pakistan and no wonder why the government has taken 'trade and market access' as one of its priority areas to expand the horizon of CPEC while oozing out the maximum benefit to accentuate Pakistan's economy through this sector.

The increasing integration of national economies elsewhere in the world in recent time offers a lesson and signifies that CPEC can work as a catalyst especially in trade promotion, expanding markets, regional activity and socioeconomic uplift in Pakistan. CPEC can be termed as a gateway of expanding economic activities and a corridor of prosperity. The wide-range projects in the areas of agriculture, industry and services under CPEC will open a corridor of options for the Pakistani masses. In this regard, following aspects in collaboration with China can serve as the key interventions/steps in promoting trade, increasing market access, raising the standard of living and achieving sustainable inclusive growth in Pakistan.

Trade and market access can be improved by developing a market system, entrepreneurship, value addition, and competitiveness of major traded items coupled with promoting business-to-business linkages between Pakistan and China and major trading partners. Trade diplomacy and effective negotiations and dialogues with member nations and countries are some of the other policy breakthroughs which will enhance the trade and market access of Pakistan. Furthermore, reaping the benefits of increased integration and better connectivity through CPEC — in terms of exploring new markets and more trade destinations especially with other Belt and Road Initiative (BRI) partners and regional countries — would accelerate trade and market access in Pakistan.

Agriculture has a prominent part in the Pakistani economy which contributes about 19% of the GDP and more than 40% in terms of employment of total Pakistan's labour force. Therefore, the government is rightly focussing to gear up from subsistence agriculture to modern and commercial agriculture. Integration of commercial agriculture will facilitate us for food processing, value-added agriculture products and effective marketing. Moreover, learning from the Chinese agrarian development, Pakistan can extensively use hybrid seeds of the selected variety of a single crop (ie rice, soybean, olives etc), technologically-advanced equipment and provision of key inputs like irrigation water, fertilisers and pesticides. The current government is also aiming to enhance productivity in agriculture through innovative village enterprises, modern scientific technology and cold supply chain, genetic engineering, biotechnology-based seed breeding and drip irrigation/sprinkler etc. Promoting agribusiness internet and IT-based marketing, e-commerce would also modernise Pakistan's trade and market access by leaps and bounds.

Rashakai Special Economic Zone (SEZ) in particular — along with other prioritised SEZs — will kick-start soon as agreed by both China and Pakistan in the recent visit of PM Imran Khan to China. For a developing economy like Pakistan, the following recommendations would allow us to have a sustained industrialisation — (a) developing and branding SEZs for modern industry; (b) realisation of economies of scale and scope to achieve exportable surplus through establishing business alliances/joint ventures with Chinese and third-party firms/enterprises; (c) synergising and leveraging SEZs to develop complementarity with Small and Medium Enterprises (SMEs) for workable and effective backward and forward linkages.

In the past few years, the major chunk of Pakistan's trade deficit with China and the rest of the world has widened. Therefore, SEZs under CPEC needs to be developed keeping in view the objective of fast-track industrial growth, export promotion through diversified products and exportable surplus. Furthermore, while developing SEZs, due consideration may also be given to the fact that the exports could be boosted by ensuring value addition in existing exports through manufacturing processes.

It is also pertinent to mention that out of China's total imports which are worth of \$1,843 billion in 2017, Pakistan's share is approximately \$1.8 billion (0.098%) despite signing the free trade agreement

with China in 2007. Whereas, China's imports from India constitutes about \$16 billion (0.87%). It could be due to the fact that our exports are less competitive, low valued added or we are producing products of having low demand in the Chinese markets. With inputs from Chinese counterparts, the primary reasons for low exports to China need to be unearthed and corrective actions may be taken on priority. China can help mitigate the existing trade deficit by addressing the trade barriers and frictions, including tariff and non-tariff barriers, to create an enabling environment for entrepreneurs to give a boost to the exportable merchandise. Internally, massive reforms are needed in the FBR which is not paddling on a business-friendly environment towards investors. Because of perennial irritants in taxation and exchange rate variations, many investors are not encouraged to invest in Pakistan. In addition, addressing the issues of production, transaction and logistics costs due to the energy crisis and underdeveloped prerequisite physical and human infrastructure will provide the enabling environment for investment promotion in Pakistan.

The Centre of Excellence for CPEC is the first official research portfolio of CPEC that has given a due diligence to undertake research in this specific segment under the policy guidelines of its parent organisations ie the Ministry of Planning, Development and Reform and Pakistan Institute of Developing Economics. Suggestions and frequent policy recommendations from the business councils of Pakistan and China would also help a great deal to further foster the prospects and modernise Pakistan's trade and market access under the umbrella of CPEC.

Published in The Express Tribune, November 24, 2018.

<https://tribune.com.pk/story/1853423/6-trade-market-access-cpec/>

CHINA HOPES FOR TRADE WAR SOLUTION AT G20

AFP Updated November 24, 2018

BEIJING: China said Friday it hopes US President Donald Trump and Chinese leader Xi Jinping can find a solution to the trade war when they meet at the G20 summit next week.

The talks in Argentina come as the two countries have failed to reach any agreement to resolve a dispute that escalated after Trump slapped huge tariffs on Chinese goods, prompting tit-for-tat responses.

“We hope that both sides can work together on the basis of mutual respect, balance, honesty, and mutual benefit and finally find a solution to solve the problem,” Wang Shouwen, Chinese vice minister of commerce, said at a press briefing in Beijing.

Wang said global trade faces a “complex situation”, with “unilateralism and protectionism on the rise” creating uncertainty for economic development.

China hopes the G20 will uphold its backing of multilateralism at the summit, which will take place from November 30 to December 1 in Buenos Aires.

Beijing also backs reform of the World Trade Organisation to enhance its authority and effectiveness, he said. Trump said Thursday he was “very prepared” for the meeting with Xi.

Washington has threatened to toughen measures even further if the issue is not resolved before January. “China wants to make a deal. If we can make a deal, we will,” Trump said.

The United States has imposed punitive tariffs on Chinese goods worth \$250 billion per year. In retaliation, China imposed tariffs on \$110bn of US goods.

Earlier this month, Xi and Trump discussed the US-China trade conflict, as well as North Korea’s nuclear programme, during a phone conversation that Trump called “very good”.

Xi said he was “very happy” to talk to Trump again.

But tensions came to the fore again at an Apec summit last weekend, when Xi and US Vice President Mike Pence delivered competing speeches criticising each other’s trade and investment practices.

Xi lashed out at “America First” trade protectionism, while Pence warned smaller countries not to be seduced by China’s massive Belt and Road infrastructure programme.

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<https://www.dawn.com/news/1447376/china-hopes-for-trade-war-solution-at-g20>

NEWS COVERAGE PERIOD FROM NOVEMBER 12TH TO NOVEMBER 18TH 2018

PAKISTAN NEEDS TO MAKE CPEC AN ENGINE OF INNOVATION

By Dawood Mamnoon

Published: November 12, 2018

ISLAMABAD: A recent research carried out by a team of economists at the Harvard Business School has summarised the future trajectory of innovation and business productivity for US firms.

According to the arguments, businesses unite and evolve within geographical clusters and these businesses are both inter-industry and intra-industry in nature.

These geographical clusters can be local, regional, national and international. For example, within the US, the creation of a worldwide web translated into social media revolution through digital applications like Facebook, Google and retail brands like Amazon that all started in California, popularly referred to as Silicon Valley.

The footprint of digital innovation led to manufacturing and technological initiatives like Space X and Tesla at a time when Nasa and the US government were reducing their financial support for space travel and also there was a slump in sales of the US automobile industry.

The international cluster development happening in different geographical locations was tied up with efficiency in international trading agreements as was in the case of trade worth billions of dollars between China and the US.

China became an integral part of the international technology cluster through integrating its commercial stakes with the US by becoming an integral part of the value chain of US businesses. It

took nearly two decades of cluster formation and development between the US and Chinese firms whereby China now stands as the second largest economy of the globe and the largest competitor to US markets.

Belt and Road Initiative

The clusters of innovative development have increased the economic, social and political ties of Asia with western countries encouraging China to opt for the Belt and Road Initiative (BRI) further connecting Asia with Europe and the world.

BRI is an inclusive economic and industrial plan for Asia, whereby a part of it is currently being implemented in Pakistan with the name of China-Pakistan Economic Corridor (CPEC). Agreements between Pakistani and Chinese governments over the last three years have led to many investments by Chinese financial and industrial groups to initiate infrastructure and energy programmes in Pakistan.

This will give Pakistan access to Chinese markets in the same way Vietnam has been benefitting from becoming part of the Chinese value chain.

The cluster development argument suggests that infrastructure is necessary but innovation in Pakistan's industrial sector would come through Special Economic Zones (SEZ).

These economic zones would be located within local or regional clusters. Other countries like Germany and Saudi Arabia have also expressed interest in being part of the economic landscape that is to be provided by industrial zones within CPEC.

However, the Pakistani government has to devise a scientific and thorough plan to involve Pakistani businesses in these economic zones and direct some indigenous technical innovation towards local cluster development.

For example, small manufacturing industries should be incentivised that involve small engineering and software development for digital or real services. Pakistan can specialise in small-scale chip manufacturing and become part of the Chinese mobile phone development industry while also developing an indigenous base for high technology manufacturing industries.

This is similar to the Chinese and Pakistan defence cooperation which helped Pakistan to manufacture JF-70 Thunder aircraft. The aeronautical niche through cooperation between Chinese and Pakistani defence clusters enabled Pakistan to become an exporter of aeronautical equipment to countries in Africa and the Middle East.

Since CPEC is to be implemented in Pakistan, only financed by China, there is a need to identify and guide national priorities for CPEC projects and plans. The FTA with China brings about a lesson that Pakistani businesses cannot compete with Chinese ones. In the meantime, despite a lot of rhetoric from successive governments, steps towards improving industrial competitiveness are missing in public policy discourse. This needs to be rectified to make CPEC a success and an engine of innovation in Pakistan.

A detailed feasibility of industrial business activity needs to be undertaken to understand and promote local business niche aligned with local skill sets of the population. This may also mean planning and

changing urban development thinking that caters to the needs of its dwellers concentrating on social sector development by building health and educational facilities for unskilled and semi-skilled populations.

The resources for social sector development in areas surrounding SEZs can come from donors or public-private partnerships or may be generated from private sector investments as a matter of their corporate social responsibility.

The writer is a research director at PRIME Institute and holds a PhD in Economic Development from Erasmus University

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<https://tribune.com.pk/story/1845374/2-pakistan-needs-make-cpec-engine-innovation/>

CHINA CALLS CPEC KEY TO REGIONAL CONNECTIVITY

By Shabbir Hussain

Published: November 13, 2018

ISLAMABAD: Chinese ambassador to Pakistan Yao Jing has reiterated that the China-Pakistan Economic Corridor (CPEC) project is not against any one country but will serve as a key to enhancing peace and cooperation in the region.

He made these remarks while delivering a keynote address at the Fourth Trilateral Dialogue hosted by the Pakistan-China Institute in Islamabad on Monday. The conference hosted Pakistan, China and Afghanistan under the theme of economic, cultural connectivity in the light of CPEC.

“CPEC will prove to be a major breakthrough in trade and communication between the three regional countries,” said Yao, adding that China – along with Pakistan and Afghanistan – was striving for regional peace and harmony.

The discussion, meanwhile, was opened by Chairman PCI Senator Mushahid Hussain Sayed who addressed the audience saying, “The 21st century is the Asian Century, with a decline of the West. The Greater South Asia has emerged as a geo-economic concept, driven by economy and energy, roads and railways, and ports and pipeline.”

He added CPEC is not just about Pakistan and China but about regional connectivity, and Afghanistan is a natural partner in CPEC’s expansion.

“Our focus should be culture, corridors and connectivity rather than conflict and confrontation,” he said, adding, “Pakistan is the hub of this connectivity due to CPEC.”

The conference was also attended by Ambassador of Afghanistan to Pakistan Omar Zakhilwal who discussed the lack of understanding in terms of development, saying that major bilateral and multilateral relations between the countries are based on security rather than economic development.

“Being an economist by profession, I believe there must be a line drawn between economics and politics in order for all partners to integrate in regional connectivity,” he said, assuring, “Afghanistan supports CPEC and its expansion into Afghanistan as it will further develop the country internally as well as strengthen global relations.”

The Chinese ambassador also assured that Beijing would continue playing its part in facilitating Afghan peace. “Afghanistan has a geographical importance as it is a bridge that connects East Asia with West Asia,” he added.

Concluding the dialogue, Executive Director PCI Mustafa Hyder Sayed said, “Common thread from today’s dialogue is that we need to connect culturally, enhance trade and engage in a constructive dialogue. We need to go beyond the prism of proxies and geopolitics and participate in connectivity and regional cooperation.”

The trilateral dialogue was inclusive of three detailed panel discussions – BRI, CPEC and potential for cooperation between Afghanistan and Pakistan. The panel comprised high-profile speakers, including Afghan Member of Parliament Mirwais Yasini, Chief Economist of China Centre for International Economic Exchanges (CCIEE) Dr Chen Wenling, former senator Afrasiab Khattak, Ex-DG ISI Lt Gen (retd) Asad Durrani, senior journalist Murtaza Solangi and former governor of Afghanistan’s Lughman province Iqbal Azizi.

<https://tribune.com.pk/story/1846038/1-china-calls-cpec-key-regional-connectivity/>

BEIJING PUTS TO REST DOUBTS ABOUT CPEC

By Our Correspondent

Published: November 16, 2018

ISLAMABAD: Ambassador of China to Pakistan Yao Jing has urged the Pakistani nation to support the China-Pakistan Economic Corridor (CPEC) project for progress and economic stability of the country, saying any doubts about it are baseless.

Speaking at the CPEC Career Summit 2018 at the Islamabad Air University on Thursday, he said, “The new Pakistani government keeps a vision for the future and the Chinese government and leadership believe that the incumbent government can develop Pakistan.”

The Chinese ambassador said, “China believes that Pakistanis are hardworking and peace-loving people and that Pakistan has a brighter future under the current leadership.”

Jing praised Prime Minister Imran Khan for being a visionary, saying PM Imran told in a speech at an institution in China that he was a sportsman and used to take risks against the opposite team’s players. “Imran Khan is serious regarding the future of the youth. Innovation is important for the future,” said Jing. “CPEC is a window of development. Through it, people of China and the region can be contacted.”

He said as Pakistan had geographical importance, a strong Pakistan would prove beneficial for the whole region.

The Chinese ambassador said that his country had always worked towards strengthening bilateral relations with Pakistan.

“CPEC is the best project for expanding economies of both the countries,” he said. “The project lays special emphasis on improving agriculture, human resource development and standard of education in Pakistan.

“Due to CPEC, job opportunities have been created in Pakistan as up till now, jobs have been provided to 70,000 people.”

He said that China was bringing its trained labour into Pakistan and at present 10,000 Chinese labourers were working on CPEC projects.

“Most of the jobs opportunities will be provided in local districts of Pakistan and efforts will be made to ensure that minorities also come forward,” said the ambassador.

He said job positions in different sectors in Pakistan would be created for the youth. “CPEC is an important project of the bilateral relations between China and Pakistan,” he said. “Many CPEC projects have been completed while work is going on the remaining ones.”

He highlighted that during the visit of PM Imran to China talks were held on the economic zone and said a final decision would be taken during the JCC meeting next month.

He said the path for other countries to invest in CPEC was open. “We want Pakistan to be economically dependent,” he said, hoping that the new government would pull the country out of poverty and put it on the path of progress and prosperity.

On the occasion, Parliamentary Secretary for Planning and Development Kanwal Shauzab said, “CPEC is a project of Pakistan’s progress and prosperity through which it will become a world trade hub.”

The secretary said, “PM Imran’s visit (to China) has expanded the scope of the project.”

Senator Noman Wazir Khattak said, “No doubt CPEC is a path to progress but China has given us loan for the project. The concern is that how we will return the loan. If we cannot return the loan what will happen.”

Khattak stressed the need to work hard on technical education. “We have engineers, who are not practical,” he said, urging the government to table a bill for imparting practical training to the engineers during vacations.

<https://tribune.com.pk/story/1848247/1-beijing-puts-rest-doubts-cpec/>

CPEC CAN HELP PRESERVE GWADAR FISHING STOCK: STUDY
TANVEER AHMED

KARACHI: China Pakistan Economic Corridor (CPEC) can help preserve the fishing stock in the coastal belt of Gwadar by shifting fishermen to industrial sector through creation of employment opportunities.

All around the world, the marine ecosystem is endangered and coastal areas of Gwadar and adjoining areas are no exception. The fishing stock of Gwadar is depleting and the livelihood of fishermen is at stake, the study of a government institution reveals.

Currently, more than 90 percent of the population in Gwadar relies on fish hunting due to lack of employment opportunities in other sectors such as agriculture and industry, the study conducted by CPEC Center of Excellence indicates.

Consequently, the fish stock is depleting and is posing a threat to the marine ecosystem and livelihood of fishermen in Gwadar. However, the new capital inflow through CPEC projects is expected to provide different employment opportunities to the fishermen and reduce the pressure on Gwadar's marine ecosystem. The skills of local community could also be upgraded through workshops and trainings which could significantly reduce pressure on the fisheries, it suggests. Even if the fishermen do not reduce fish catch after job creation by CPEC, they can at least give up fishing activities during breeding months which may not be possible during open access scenario and competition, study proposes. Study reveals that fish catches had diminished by 29 percent over the last decade. Some rare fish species have been completely vanished, like gallo and Kalaki fish in Balochistan, Zardum, Paplet, and Kalgun in other coastal areas of Balochistan and Palla in Sindh. As far as the length and size of fish is concerned, it has also become smaller.

It notes that economic corridors lead to economic growth and development however they can have both positive and negative effects on the environment. For instance, the infrastructural development under the corridors can cause pollution and environmental degradation. In contrast, corridors could also positively impact the marine ecology by creating alternative employment opportunities and thus reducing the pressure on fisheries and the marine ecosystem.

Study describes the switching of fishing class to industry a challenging task because it is not the shifting of labor from one sector to another of the same skill. Rather, it is the switching of fishing labor to industrial sector which needs totally different set of skills. Therefore, it is important to estimate the fishermen's willingness to switch in monetary terms. The study provides the data and information on fishermen's willingness to switch from fishery to industry and the hurdles they may face during the transition. The findings may assist the policy makers in identifying the hurdles that may arise while switching from fishery to industrial sector.

These hurdles may include the skill difference between the two sectors, access to training opportunities, distance from the site of the job, and uncertainty (contract and daily wages) in jobs. Thus, knowing about these hurdles in advance may encourage the policymakers to devise different measures that could be taken to resolve these issues and ensure a smooth transition.

<https://epaper.brecorder.com/m/2018/11/18/2-page/750058-news.html>

NEWS COVERAGE PERIOD FROM NOVEMBER 5TH TO NOVEMBER 11TH 2018
IMRAN, XI CALL FOR TIMELY COMPLETION OF CPEC PROJECTS
Syed Irfan Raza November 05, 2018

ISLAMABAD: During the maiden four-day visit of Prime Minister Imran Khan to China, Pakistan and China have signed 15 memoranda of understanding (MOU) to enhance bilateral ties in different fields, including defence, trade, counterterrorism, regional security, health, agriculture, climate change, poverty alleviation, investment, space cooperation and culture.

Although the Pakistan Tehreek-i-Insaf led government was expecting Saudi Arabia-like monetary assistance to overcome prevailing economic crisis, a joint statement issued on Sunday regarding the prime minister's visit did not mention any 'immediate relief' from China.

It has also not been mentioned whether China has decided to resume funding for the China-Pakistan Economic Corridor-related infrastructure projects, which was stopped in Nov 2017 when a meeting of the Joint Coordination Committee (JCC) was told by the Chinese side that the funding would remain suspended till "new guideline" from Beijing.

As a result, work on three main CPEC-related road projects had come to a halt.

After receiving a \$6 billion bailout package from Saudi Arabia last month, Prime Minister Khan was also eyeing Chinese investment in different fields. However, the joint statement said nothing on it.

According to joint statement, China offers help in Pakistan's counterterrorism strategy

During his visit to China, Prime Minister Khan called on Chinese President Xi Jinping and held talks with Prime Minister Li Keqiang, Chairman of the Standing Committee of the National People's Congress Li Zhanshu and Vice President Wang Qishan on bilateral, regional and international issues of mutual interest.

The prime minister also delivered a speech at the Party School run by the Communist Party of China's central committee.

Besides Beijing, Imran Khan went to Shanghai to visit the First China International Import Expo.

According to the joint statement, the two sides agreed to establish mechanism of China-Pakistan Foreign Ministers' Strategic Dialogue and rename the former Strategic Dialogue at Vice Foreign Minister-level to Political Consultations.

The joint statement said Prime Minister Khan and President Xi desired timely completion of on-going projects under the CPEC and joint efforts for realisation of the economic corridor's full potential with a focus on socio-economic development, job creation and livelihoods and accelerating cooperation in industrial development, industrial parks and agriculture.

"Both sides agreed to task the CPEC Joint Cooperation Committee to explore new areas of cooperation. ... It was decided that the eighth session of the JCC will be held in Beijing before the end of the year," it said.

"To further expand cooperation under CPEC, the two sides announced the setting up of a working group on socio-economic development, to assist with livelihood

projects. They also agreed to discuss the CPEC-related issues, including through China-Pakistan Strategic Dialogue, Political consultations, and JCC.”

Recognising the significance of Gwadar as an important node in cross-regional connectivity and the central pillar of the CPEC, both sides agreed to speed up progress on the port and its auxiliary projects.

The statement said China agreed to boost Pakistan’s industrial capacity, including through joint ventures, in priority areas and relocation of labour-intensive industry.

The two sides agreed to conclude the second phase of the China-Pakistan Free Trade Agreement as early as possible, and continue discussions on the Pakistan-China Agreement on Trade in Services.

Fight against corruption

Pakistani side recognised China’s unremitting efforts to combat corruption and its great achievements, and evinced interest in learning from the Chinese experience and accomplishments in the field of anti-corruption.

Pakistan and China decided to enhance cooperation against “three evils” of extremism, terrorism and separatism.

“The Chinese side conveyed its support to Pakistan’s commitment and efforts to counter terrorism, assured Pakistan of its support in implementing its counter-terrorism strategy, and commended the tremendous sacrifices made by the Pakistani nation in the fight against terror and the country’s immense contribution to regional and international peace and security through its achievements and successes,” the joint statement said.

China recognised Pakistan’s efforts in actively strengthening financial regulations to combat terrorism financing, and called on all relevant parties to view Pakistan’s counter-terrorism efforts in an objective and fair manner.

Support for UN reforms

The joint statement said the two sides agreed to support a consensus-based reform of the United Nations so that it responds to the interests and concerns of all member states.

“China appreciates Pakistan’s quest for peace through dialogue, cooperation and negotiation, on the basis of mutual respect and equality, and supports Pakistan’s efforts for improvement of Pakistan-India relations and for settlement of outstanding disputes between the two countries,” it said.

Pakistan supported active participation of China at the platform of the South Asian Association for Regional Cooperation.

The two sides agreed to strengthen cooperation on the Afghan issue and support the Afghan-owned and Afghan-led peace and reconciliation process. “China appreciates that Pakistan and Afghanistan are coordinating closely through the Afghanistan-Pakistan Action Plan for Peace and Solidarity to enhance cooperation between the two countries in all areas,” the statement added.

Both sides agreed on the importance of China-Afghanistan-Pakistan consultations at the foreign ministers level aimed at deepening trilateral cooperation for shared progress, development and security and for strengthening peace and stability in Afghanistan.”They supported Afghanistan to host the second tripartite foreign ministers dialogue within this year.”

The two sides underlined the importance of peaceful settlement of all disputes in the Middle East on the basis of mutual respect and in accordance with the precepts of international law.

Politicisation of FATF

Recalling the commitments of all states towards implementation of UN General Assembly and Security Council resolutions relating to international terrorism, both sides underscored the need for all states to avoid politicisation of the UN sanctions regime and the work of the Financial Action Task Force. They also reiterated the need to evolve the text of the Comprehensive Convention on International Terrorism on the basis of consensus.

Prime Minister Khan expressed appreciation to the leadership and people of China for the warm hospitality accorded to him and his delegation, and invited Chinese leaders to visit Pakistan at a mutually convenient time.

Published in Dawn, November 5th, 2018

<https://www.dawn.com/news/1443674/imran-xi-call-for-timely-completion-of-cpec-projects>

CHINA PAKISTAN ECONOMIC CORRIDOR: NOT ALL PROJECTS ENJOYING CHINESE GOVERNMENT LENDING RECORDER REPORT NOV 6TH, 2018 ISLAMABAD

The Chinese government soft loan for China Pakistan Economic Corridor (CPEC) projects accounts for only 6.3 percent of Pakistan’s total foreign debt, said sources in Embassy of China on Monday. Of all the CPEC projects, only KKH Phase-II, Karachi-Lahore Motorway (Sukkur-Multan), Orange Line and Laying of Optical Fiber Cable used the Chinese government soft loan, which were guaranteed by Government of Pakistan.

According to the statistics of the Ministry of Finance, Pakistan’s external debt and liabilities reached \$95 billion by October 2018, whereas the total amount is around \$6 billion USD.

The repayment time of the four projects starts from 2021, repaying 300 million – 400 million USD annually. All CPEC energy projects are funded by commercial loans which are borrowed and repaid by the Chinese companies. There is no foreign debt on Pakistani government.

The sources added that during the year when CPEC was launched in 2012-13, Pakistan’s GDP growth was only 3.68 percent which gradually kept on increasing and reached 5.8 percent in 2017-18.

Further, they said the CPEC not only attracted much more Chinese investment in Pakistan, but also made Pakistan a popular destination for investment and since CPEC was launched, China has become the largest investor for the last 5 years.

Ongoing implementation of CPEC projects is likely to contribute 9 percent to 10 percent of GDP in fiscal year 2018-19. CPEC on-going infrastructure projects will promote Pakistan's North-South interconnection and help Pakistan's coastal areas strengthen ties with the northern areas, promoting the coordination and development in depth and breadth.

CPEC on-going infrastructure projects, the sources said would significantly reduce the time cost of transportation. After the completion of KKH Phase-II (Havelian-Thakot), the travel time between the two places will be reduced from 4 hours to 1.5 hours, which will promote commercial development and exchanges.

China will firmly promote bilateral industrial cooperation, expand China's direct investment in Pakistan, and encourage Chinese enterprises to actively participate in the construction of special economic zones.

Chinese side has proposed that special economic zones under CPEC industrial cooperation will provide fair access to Pakistani domestic enterprises and encourage third-party investment. China will focus on helping Pakistan develop manufacturing and export-oriented economy and its government has encouraged Chinese companies to increase local component in their procurement in Pakistan.

<https://fp.brecorder.com/2018/11/20181106421479/>

CHINESE DIPLOMAT BRIEFS TECHNOCRATS ON CPEC By Rizwan Ghilzai

Published: November 8, 2018

ISLAMABAD: The Chinese Embassy has said China-Pakistan Economic Corridor (CPEC) has played an important role in Pakistan's economy, power, infrastructure and employment sectors.

According to sources, this came during a briefing by a Chinese envoy to technocrats at the Chinese Embassy on Wednesday. The technocrats were informed that there was an increase of 2.11 per cent in Pakistan Gross Domestic Product (GDP) rate following the visit of the Chinese President.

More than 75,000 people were employed in CPEC-related projects. It was also told that 3,240 megawatt supply of electricity had been included in the system under seven CPEC-related projects in the last three years.

The envoy briefed that so far 22 projects worth \$19 billion had been started under CPEC. Sharing the details, they were informed that 10 high priority projects had been completed while 12 others would soon be completed.

With regard to Gwadar, projects worth \$262 million had been completed that provided employment to 4,860 Pakistanis.

On the occasion, the technocrats were informed that three big projects were being constructed under loans on easy terms provided by the Chinese government. The projects include Havelian-Thakot Karakoram Highway, Lahore-Karachi Motorway and Lahore Orange Line Train.

According to international organisations, 1.2 million Pakistanis would be employed in the country under CPEC, the technocrats were told.

<https://tribune.com.pk/story/1842831/1-chinese-diplomat-briefs-technocrats-cpec/>

IMF CONCERNED OVER CPEC ENERGY DEALS IMPLICATIONS

By Shahbaz Rana

Published: November 9, 2018

ISLAMABAD: Pakistan on Thursday briefed the International Monetary Fund (IMF) on energy and infrastructure projects deals signed under the China-Pakistan Economic Corridor (CPEC) amid the fund's concerns over implications of the energy contracts on the fiscal framework.

The IMF team met with officials of the Ministry of Planning and Power Division during the second day of talks, as a \$9 billion discrepancy surfaced between the figures quoted by Islamabad and Beijing on account of cost of ongoing and completed projects.

The cost of 22 ongoing and completed projects shown by the Chinese Embassy is \$9 billion lower than what the Planning Ministry claims. The discrepancy of \$9 billion may carry serious implications in making accurate projections related to future CPEC related outflows, said sources in the Ministry of Finance.

The IMF team inquired about the implications of CPEC energy deals on the country's fiscal health. Its queries revolved around implications of sovereign guarantees that Pakistan has extended to Chinese power producers. It also questioned the high rate of returns that Pakistan has offered to Chinese investors.

The issue of \$9 billion CPEC discrepancy was not discussed with the IMF team, the sources claimed. The Ministry of Planning and Development gave a briefing on infrastructure projects and the Power Division held a session on the energy projects.

The Ministry of Planning has officially declared the cost of 22 ongoing and completed projects as \$28.6 billion. These figures have been shared with the federal cabinet as well as with the IMF during staff level talks that held last month.

The Chinese Ambassador to Pakistan Yao Jing said in a press briefing held last month that 22 projects, valued at \$19 billion, were either under consideration or have been completed.

The Chinese embassy is not showing Kohala power project, the 300 megawatts Gwadar Power Plant and Oracle power plant among the ongoing schemes, said an official of the Planning Ministry on condition of anonymity. But all these three schemes cannot be declared ongoing, as no civil work has begun.

"Our assessment is that the cost of 22 projects is \$28 billion," said Hasan Daud Butt, the official spokesman of the Planning Ministry on CPEC affairs while responding to a question. But he did not share a list of projects to back his claim.

Headed by its Washington-based Mission Chief Harald Finger, the IMF delegation is visiting Pakistan to negotiate a bailout package – the second in the last five years. Finance Minister Asad Umar on Wednesday told a TV channel that Pakistan may seek a minimum \$5 billion to \$6 billion from the IMF.

On October 26, the Chinese embassy gave a presentation to media persons, which showed that so far 10 early harvest projects have been completed while 12 were under execution. The embassy shared the complete list along with the cost of these schemes.

According to the embassy, three infrastructure projects costing \$5.7 billion were either completed or under construction. Similarly, seven energy projects worth \$4.9 billion have been completed while five energy schemes costing \$7.7 billion were at various phases of implementation.

China has put the total cost of 12 energy projects at \$12.6 billion.

The Chinese Deputy Chief of Mission Lijian Zhao also shared terms of these deals. He told media that repayment period was 15 to 20 years including 5 to 8 years grace period.

He said all the energy projects that are currently under implementation have been financed by the Chinese companies by taking commercial loans. “Interest rates of these commercial loans are in the range of 5.3% to 6.3% including the insurance cost,” he said.

The sources in Finance Ministry said the authorities on Thursday gave a comprehensive briefing to the IMF technical team on the financing structure of the energy deals. They said the briefing was given on the power purchase and implementation agreements signed with these power producers.

The sources said the IMF’s main concern was that in case the Central Power Purchasing Agency Guaranteed Limited defaulted on its payments to the power producers who would be picking the cost.

The IMF was informed that the debt to equity ratio of these commercial deals was 75% debt and 25% equity except in case of Karot hydro power project where the debt ratio was shown at 80%.

However, the returns on equity were exceptionally high. In case of coal-fired power plants the return was between 27.2% and 34.49%. It was almost double than the standard 17% rates. In case of hydel-based projects, the internal rate of return (IRR) was 17%.

<https://tribune.com.pk/story/1843507/3-imf-concerned-cpec-energy-deals-implications/>

CPEC: HARDWARE TO SOFTWARE

By Dr Pervez Tahir

Published: November 9, 2018

During the elections campaign, the PTI’s platform focused on human development against the PML-N’s preference for large infrastructure projects. After the party’s success, it is only natural to expect a policy shift from the hardware to the software of development. Pakistan’s notorious deficit in human development demands it. The understanding reached with China during the recent visit of the PTI government leadership is to start CPEC phase two as a human development endeavour. According to

the joint communique, the “two sides reaffirmed their complete consensus on the future trajectory of the CPEC, timely completion of its on-going projects and joint efforts for realisation of its full potential with a focus on social development.” Towards this end, a working group on socio-economic development has been set up. Under social sector cooperation, the Chinese assistance is to be directed towards education, health, poverty alleviation, safe drinking water and vocational training.

Let us remember that the PTI’s campaign also highlighted the rising burden of debt. In the government, it has directed an audit of where has all the debt gone. In this background, the request for assistance in areas with long-term social returns raises a question mark. In Pakistan’s experience, repayable financing of human development projects and programmes have added more to debt burden than to the social performance and outcomes. An Asian Development Bank report evaluated its assistance to the social sector during 1985–2004. A total of \$1.9 billion were approved for 28 projects in education, health and population, water supply and sanitation, urban development and multisector projects. The performance of social sector was rated as poor. Only eight per cent of the projects assessed were rated as successful. A serious problem was the imbalance in favour of lending. A ‘whole of programme’ assessment for ADB’s social sector operations showed “a rating of 32%, with low to moderate scores the norm across most criteria,” besides low value for money. The World Bank made a similar assessment of its assistance for the period 1994–2003. There was some progress in school enrolment, literacy, immunisation, fertility and child mortality, but the country still lagged “behind its neighbours and countries of similar income levels.” With “high deficits and soaring debt, successive governments were hard pressed to fund social programmes.”

As per the joint communique, “Pakistan expressed a desire to learn from the Chinese poverty alleviation model, which has lifted over 700 million people out of poverty over the last 40 years.” True, this Chinese achievement is unprecedented in the history of development. It was, however, not the result of donor funded social action programmes, poverty reduction credits, poverty reduction and growth facilities or social protection schemes like the Benazir Income Support Programme. It was rather a demonstration that high growth sustained over a long period does trickle down to the poor. During 1978-2017, China’s annual growth rate was 9.5 per cent, enlarging the economic pie 35 times. High growth reduced poverty, despite increasing inequality. Instead of the ‘poverty alleviation demonstration projects’ that Pakistan has sought from China, the need is for putting in place an indigenous framework for high growth. Borrowing for hardware made sense, as it eventually pays for itself. The PTI says as much when it talks about the construction of Mangla Dam and Tarbela Dam in the 1960s. Borrowing for human development is contrary to its stand on debt. Creating 10 million jobs means 10 million families out of poverty. It is possible to achieve the required growth through a sensible programme of five million houses, together with Chinese cooperation in industry and agriculture.

Published in The Express Tribune, November 9th, 2018.

<https://tribune.com.pk/story/1843335/6-cpec-hardware-software/>

PAKISTAN ‘WANTS SWIFT COMPLETION OF CPEC’

By Our Correspondent

Published: November 10, 2018

ISLAMABAD: Speaker National Assembly Asad Qaiser has said the friendship between Pakistan and China is based on mutual respect, trust, strong strategic partnership and economic cooperation.

The speaker stated this in a meeting with a 15-member delegation of the National People's Congress of China (NPC) led by Vice Chairman of the Standing Committee of NPC Zhang Chunxian.

“The everlasting friendship between the two neighbours has proved to be true in every test,” said Qaiser, adding that this bond could be further strengthened by promoting contacts between the parliaments of the two countries.

He said the recent visit of Prime Minister Imran Khan to China yielded great results, and hoped that the agreements signed during the visit would be implemented.

“Creation of industrial zones and transfer of technology by China will create new employment opportunities and raise the standard of living of people,” he said.

Talking about the China-Pakistan Economic Corridor (CPEC), he said the project would prove to be a gateway to prosperity and progress of the region, adding that Pakistan was committed to a speedy completion of the economic corridor.

“China in a relatively short period of time has risen to a prominent place in the world, and Pakistan hopes to benefit from its expertise in the fields of technology and economics,” said Qaiser, adding reciprocal opportunities should be available for mutual trade between the two nations.

Meanwhile, head of the Chinese delegation Chunxian congratulated the NA speaker on behalf of the Chinese parliament on assuming the office.

“China attaches high importance to its relations with Pakistan and considers it a major strategic partner,” Chunxian said.

“Leadership of both sides is committed to raising this mutual relationship to new heights,” he said, adding that contacts between the two parliaments would benefit both the countries and bring the nations closer.

Furthermore, the delegation told Qaiser that PM Imran's recent visit to China was very successful during which several agreements were signed, and fruits of the visit would reach the people of the two countries.

“China wants to see a prosperous and developed Pakistan and will continue all possible cooperation for its economic and social progress,” said Chunxian.

<https://tribune.com.pk/story/1844247/1-pakistan-wants-swift-completion-cpec/>

NEWS COVERAGE PERIOD FROM OCTOBER 29TH TO NOVEMBER 4TH 2018
CPEC AND GWADAR PORT – A DIFFERENT PERSPECTIVE
By ABID MUSTIKHAN

Published: October 29, 2018

KARACHI: It is the early 2000 at the Saindak Copper Gold Project. I am with a Chinese friend and we are enjoying the setting sunset behind the lofty western mountain ranges bordering Pakistan and Iran.

The fascinating façade of the mountains darkens as the sun turns into a speck vanishing into the horizon. Our topic today was Gwadar Port.

How come that the Chinese got interested in Gwadar? My Chinese friend who then had an uncle in the hierarchy of the Chinese Communist Party looks into my eyes, perhaps with an expression of my ignorance, and replies: The East and South China Sea is all controlled by the US, Taiwan, Japan, South Korea, the Philippines, etc. A war may not be imminent but there is an obvious possibility of an economic war or a blockade.

In case there is a blockade on the eastern side of China, there has to be an alternative route and that is only through Pakistan from where warm waters of the Gulf can be reached at Gwadar. This was the birth of CPEC.

To avert a World War III, the US together with a conventional army and the Cold War started developing an army of economic hitmen like John Perkins to undermine the countries where war is not a favourable option. A same strategy is now being followed also by other powerful nations in the world towards weaker nations. Not only the US, but economies of other powerful nations also revolve around the sale of arms. This leads to pitting wars primarily between Muslim nations to sell them military hardware on the one hand and weaken their economies.

The recent example of the US partitioning the rest of the Arab world with Qatar, scaring the Saudis for their kingdom to be at stake if they did nothing about Iran and therefore the sale of \$360 billion of military hardware that in turn brings a turnaround to the US economy.

After the fall of the Soviet Union, China may be the only country that can maintain a check and balance in Southeast Asia and therefore a serious threat to the US.

The closed China started opening to the rest of the world around 1993. The Capitalist block knowing the huge potential that awaited them in the Chinese market started opening offices in China.

With it came manufacturing or assembling of western products in China where it was much cheaper to be produced. This strategy backfired where China grabbed the technology and the knowhow and the Capitalist countries started losing jobs for their incumbents in their own countries.

This was the first step towards triggering an economic war that has reached its verge where the US imposed heavy tariffs on Chinese goods and China is gradually becoming dominant grabbing market economies in the rest of the world leaving its footprints all over the globe.

China kills two birds with one stone. In the Xinjiang province, which is predominantly Muslim, the Muslim population had to be marginalised.

Shifting of the industrial base from other parts of China to Xinjiang would mean influx of population from other parts of China and therefore reducing the threat of Islamization in the province.

Furthermore, it was not possible or feasible for Chinese goods produced in Xinjiang to be transported all the way to eastern border ports for shipment and therefore the only option, Gwadar Port and CPEC and a road connecting Kashgar to Gwadar.

Shifting of an industrial base from China to Pakistan helps in overcoming the US tariffs and brings ease in terms of exports to the rest of the world. Rice is a staple diet in China. Just imagine feeding rice to around 1.4 billion people every day, China needs an agriculture base and therefore the Chinese interest in agriculture in Pakistan.

CPEC is more a need for China rather than Pakistan but so unfortunate that Pakistan carries the begging bowl to China for loans that has already become impossible to repay.

The Chinese by nature are very tough negotiators. Instead, it should have been a 40-year contract where Pakistan should have charged enormous sums against facilitating China to have access to the warm waters of the Gulf to cover the Middle East and the western markets with goods produced in Xinjiang transported at a much cheaper cost through Gwadar Port.

The US having a tendency of not tolerating an economic or military imbalance is not very happy with the arrangement of CPEC. The economic war has already been triggered between the US and China by raising tariffs, but at the end of the day, it seems that China will be the winner.

This could also be one of the reasons of a proxy war between vested interests within Pakistan with emphasis on the Balochistan province.

Maybe there is still time where strategists in Pakistan formulate a strategy to work towards the interest of their own country to gain out of this one-time opportunity of capitalising on CPEC by bringing a turnaround in the economy of the country presently in a state of despair.

Don't forget gentlemen at the helm of affairs that opportunity knocks only once.

The writer is former deputy managing director of Saindak Copper Gold Project

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<https://tribune.com.pk/story/1836175/2-cpec-gwadar-port-different-perspective/>

PM URGED TO ENSURE 30PC LOCAL PARTICIPATION IN CPEC PROJECTS

HAMID WALEED

LAHORE: The power sector & construction industry circles have demanded of the Prime Minister Imran Khan to ensure 30 percent local participation in projects under the China Pakistan Economic Corridor (CPEC) in his talks with the Chinese leadership during his upcoming visit to China.

They said the previous government had abolished this arrangement some three years back that led to massive unemployment in the sector. So much so, they added, the most experienced ones are jobless these days because of non-availability of projects within the country. Chinese companies, on the other

hand, prefer their own engineering management on projects under the CPEC which should be restricted to top level management while rest of the manpower should be hired from Pakistan.

They put forward proposals to make Prime Minister Imran Khan's visit to China effective and result-oriented. Prime Minister Imran Khan will make a three-day official trip to China in the first week of November. He is scheduled to meet Chinese president and high-level officials.

The PM is also expected to hold talks on economic and defence cooperation as well as China-Pakistan Economic Corridor projects. During his three day visit from 3rd of November, the premier will also attend the Chinese International Import Expo 2018 in Shanghai.

They said there are a number of OGDCL and power sector projects which could easily be handled by our local companies. "We should limit Chinese firms to hold joint ventures with local firms as their sub-contractors and technology partners. Where there no international loan is involved, such bidding should be restricted only to local Pakistani construction firms. This is what Prime Minister should suggest Chinese leadership in his upcoming visit," they demanded.

They further pointed out that Advisor to PM on Commerce, Textile, Industries, Production and Investment Razak Dawood himself has an engineering background and needs to understand that economic revival of Pakistan could only be possible through supporting Pakistan's engineering industry. Without it, they stressed, the economic revival would remain a dream and young engineers would remain jobless in the country.

According to these circles, Pakistan should stop issuing labour visas to Chinese firms working on CPEC projects and they should be convinced to hire local manpower in order to revive the heavy construction industry of Pakistan.

"Chinese firms should be restricted to procure construction machinery and products already available in Pakistan such as cables and steel etc.," they said.

They said the government should extend the status of industry to its heavy construction industry in order to take it forward as an economic revival without strengthening the construction industry is impossible. Over 100 allied industries are affiliated with this industry; they said, and added that it can contribute immensely to the national economy, generate revenue and create jobs in the country.

They have also suggested the government to constitute a task force while inviting professionals from top engineering firms and assigning them the task of how the government can revive the construction industry.

<https://epaper.brecorder.com/m/2018/10/31/27-page/747090-news.html>

'CPEC TO BE COMPLETED SUCCESSFULLY'

By APP

Published: November 4, 2018

MIRPUR: The China-Pakistan Economic Corridor (CPEC) is on track and will be completed with success, said Azad Jammu and Kashmir (AJK) President Sardar Masood Khan on Saturday.

Addressing the Royal United Services Institute (RUSI) researchers and strategic analysts in London, Khan said CPEC was part of the Belt and Road Initiative (BRI), which by now was supported by 68 nations. China alone is expected to invest \$1 trillion in this transnational, transcontinental undertaking. The president said the revision of CPEC projects was an ongoing process, which makes necessary adjustments in projects undertaken jointly by Pakistan and China. He said Pakistan did not give importance to the apprehensions about the so-called debt trap diplomacy. To start with, the volume of Chinese debt (\$6 billion) is relatively small in the overall volume of Pakistani debt. The interest rates, he said, included the range of zero percent, concessional loans, preferential buyer loans and commercial credit lines, with a long repayment period. Pakistan as a solvent country would repay its debts, he said.

Published in The Express Tribune, November 4th, 2018.

<https://tribune.com.pk/story/1840046/2-cpec-completed-successfully/>

NO CUTS IN CPEC PROJECTS

The News November 4, 2018

ISLAMABAD: Pakistan and China on Saturday signed 15 agreements and documents to further deepen the bilateral cooperation in multiple spheres, including economy, agriculture, law enforcement and technology.

The documents were signed during the visit of Prime Minister Imran Khan to China at a ceremony held at Great Hall of People where the two prime ministers also held bilateral meeting. The signed documents encompassed the fields of economy, science and technology, agriculture, poverty reduction, innovation and drug trafficking besides establishing joint research center on earth sciences and working group on social and livelihood affairs.

The ceremony was witnessed by Prime Minister Imran Khan and Chinese Premier Li Keqiang as the ministers and officials from both the sides signed the documents. From Pakistan side, the documents were signed by Minister for Foreign Affairs Shah Mehmood Qureshi, Finance Minister Asad Umar, Planning Minister Khusro Bakhtiar and Pakistan's Ambassador to China Masood Khalid. Both the countries signed agreements to enhance agriculture and technical cooperation, cooperation between Islamabad police and Beijing police, Higher Education Commission of Pakistan and the Science Academy of China and between Pakistan Meteorological Department and Chinese Academy of Sciences. The two countries also signed MoUs for cooperation in forestry, earth sciences and poverty alleviation. They also signed letters on foreign ministers strategic dialogue mechanism to make overall planning and coordinate cooperation in various fields.

Later, China's Vice Foreign Minister Kong Xuanyou while briefing the media said the two sides have agreed to firmly move forward the China-Pakistan Economic Corridor (CPEC) while ensuring the smooth operation of the completed projects and advancing the ongoing projects. "The two sides will gradually brand dimensions of industrial cooperation to the CPEC, and extend it to other parts of Pakistan so that it will drive all round development of China-Pakistan economic cooperation," he added. Ruling out any change in the number of projects under the CPEC, he said there is no change in the number of projects under this framework, adding: "If there is any change, it will be increase in the number of projects and going forward." The Vice FM said the two countries have decided to establish working group on social and livelihood affairs under the CPEC joint cooperation committee.

He said the two sides would also engage in close cooperation in extensive areas covering economy, trade, science and technology, cultural affairs, education and youth affairs. Kong Xuanyou remarked that the two countries would also strengthen their communication and coordination on regional and global affairs. Moreover, regarding current economic and fiscal difficulties Pakistan is facing at the moment, he said, “China will provide help and assistance within the realm of its capability.” He said during the meeting, the two sides made it clear in principle that China’s government would provide necessary support and assistance to Pakistan in tiding over the current economic difficulties. As far as the specific measures to be taken, the competent authorities of the two countries would have detailed discussions.

The vice foreign minister said he believed all these activities and number of agreements signed today fully show that this is a smooth and a successful visit of Prime Minister Imran Khan to China. In the meetings and talks, the Chinese side expressed congratulations to the prime minister on successful holding of general elections in Pakistan as well as the smooth transfer of power. China believed that under the leadership of Prime Minister Imran Khan, the Pakistani people would make new achievements in its path of national development, he added. He said as Pakistan is an all-weather strategic cooperative partner, China has always viewed its relations with Pakistan from its strategic and long-term perspective. “China will continue to put its relations with Pakistan on priority and on China’s diplomatic agenda and we will continue to do what we can to provide help to Pakistan for its economic and social development,” he added.

He said the Pakistani side reiterated that Pakistan’s relations with China is the cornerstone of Pakistan foreign policy and Pakistan remained committed to the friendship between the two countries and committed to advancing the CPEC. “Pakistan hopes to learn from China’s successful experience of the development so the friendship and cooperation between our two countries will deliver greater benefits to both the countries and people and the wider region,” he added. The vice foreign minister said the leaders of the two countries made further plans for growth of their bilateral relations moving forward and also vowed to maintain high level engagements, strengthen strategic communication, preserve and promote common interests.

He said Pakistan has a smooth transfer of power and entered a new stage of economic and social development under the new prime minister. He said it is fair to say that the current China-Pakistan relationship is at a new starting point and needed new dynamics against the backdrop of Prime Minister Imran Khan’s visit which is highly significant.

Both the sides have attached a high importance to this visit and hoped that by working together they will be able to achieve good progress and identify the goals and orientation of China-Pakistan relations in next stage, he added.

<https://www.thenews.com.pk/print/389350-no-cuts-in-cpec-projects>

December 2018

NEWS COVERAGE PERIOD FROM DECEMBER 24TH TO DECEMBER 30TH 2018

TOP CPEC FORUM TO APPROVE INDUS CHANNELISATION PROJECT IN MARCH: CM

Habib Khan Ghori Updated December 24, 2018

KARACHI: Sindh Chief Minister Syed Murad Ali Shah said on Sunday that two important projects pertaining to channelisation of the Indus River from Guddu Barrage to Sukkur Barrage and socioeconomic development in Thar had been included in the China-Pakistan Economic Corridor (CPEC) and sent to the Joint Working Group (JWG) for final approval.

CPEC's highest forum, the Joint Coordination Committee, had taken up the two projects in its meeting held in China last week and referred them to the JWG so that it could give its approval in its meeting scheduled to be held in March 2019.

The 180-km-long channelisation of the Indus and financing of the Thar Foundation working in education, health, socio-forestry and bio-saline agriculture in the desert region would have a great impact on the overall development of the province, the CM told reporters after attending the convocation of the Shaheed Zulfiqar Ali Bhutto University of Law (SZABLU) on its Korangi campus.

The JWG will also take up socioeconomic development in Thar

Accompanied by Law Adviser Murtaza Wahab, CM Shah said: "I presented the two projects in the JCC and most probably they would be approved by the relevant Joint Working Group in their meeting to be held in March."

About channelisation of the Indus, he said: "It is a mega project and the provincial government is working to complete its required formalities and through the Joint Working Group it would be forwarded for final approval from CPEC authorities."

He said that it would be a great project for the development of the agriculture sector. It would not only save water but would control water logging and salinity in the districts located on both banks of the river. The channelisation would help save the area from floods and develop large agricultural lands in the kacha areas, he added.

Talking about the socioeconomic sector, Mr Shah said that he told the Chinese authorities that the Thar Foundation was already working in education, health, socio-forestry and bio-saline agriculture in Thar.

"I proposed to them to approve the project for Thar Foundation so that it could be implemented in the Thar area where a coal-fired power plant is being established under the CPEC projects," he said.

He said that the Chinese authorities appreciated the efforts of the provincial government and referred the project to the JWG, which would meet in March 2019. "I am sure it will be approved."

Replying to a question, he said that his government was ready to form standing committees in the provincial assembly during the last session. "These committees are formed by the assembly and we are ready for it in the next assembly session," he said.

Promises funds for SZABUL

Earlier, addressing the first SZABUL convocation, he said it was a matter of great pleasure and satisfaction for him that the Sindh government succeeded in setting up the first law university of Pakistan.

He congratulated the vice chancellor, faculty members and students on achieving this milestone.

“For me SZABUL is a success story and this convocation ceremony is the logical conclusion of a long journey,” he said, adding that when most public sector organisations were not coming up to the expectations, SZABUL emerged as a robust and financially sound organisation.

Addressing the law students, he said they were the judges and lawyers of tomorrow. “In fact, the performance of the justice system is dependent on the quality of your professionalism, skills and knowledge,” he said.

He added that there was a strong linkage between the qualities of human resources available to the judiciary and the functionality, integrity and legitimacy of the courts systems. “I am confident that you will exceed the expectation of all of us and prove to be an asset to be followed by the rest of country.”

“Your interest in education, your integrity, honesty, sincerity for the job may elevate you to the highest position in the judiciary and this society is looking towards you,” he said.

He assured Vice Chancellor Qazi Khalid Ali that he would provide all the required funds so that the under-construction university building in Korangi could be completed.

Published in Dawn, December 24th, 2018

<https://www.dawn.com/news/1453192/top-cpec-forum-to-approve-indus-channelisation-project-in-march-cm>

AGRICULTURE, SOCIO-ECONOMIC PROJECTS TO BE MADE PART OF CPEC: CM
By Our Correspondent

Published: December 24, 2018

KARACHI : Sindh Chief Minister (CM) Syed Murad Ali Shah said that two more sectors, agriculture and socio-economic development, have been included in the China-Pakistan Economic Corridor (CPEC) project list. If approved, the projects will add significantly to the overall development of the province, he claimed while speaking to the media after the convocation ceremony of Shaheed Zulfikar Ali Bhutto University of Law (SZABUL). Advisor to the CM on Information, Law and Anti-Corruption, Barrister Murtaza Wahab accompanied Shah on the occasion.

In reply to a question, Shah said that the Joint Coordination Committee (JCC) was the highest forum of CPEC and he had attended their meeting in China a week earlier. “I presented two projects at the JCC meeting which will most probably be approved by the CPEC Joint Working Group (JWG) when it meets in March 2019,” he said.

The agricultural project is regarding the channelisation of 180 kilometres of Indus River from Guddu Barrage to Sukkur Barrage.

The channelisation will not only save water but will also control waterlogging and salinity in the districts surrounding the two banks of the river, the CM explained. It will prevent floods and develop agricultural land in the katcha [undeveloped] areas, he added. “It is a mega project and the provincial government is working to complete the required formalities. It will be put forth for final approval from CPEC authorities through the JWG,” said Shah.

With regards to socio-economic projects, the CM informed that he briefed the Chinese authorities on the work on education, health, social forestry and bio-saline agriculture that is already in process in Thar under the Thar Foundation. He proposed for these projects to be included under CPEC projects in addition to the coal-fired power plant that is in the works in Thar district. According to Shah, the Chinese authorities appreciated the efforts of the provincial government and referred the projects to the JWG which is scheduled to meet in March 2019. Shah was optimistic about their approval.

<https://tribune.com.pk/story/1873254/1-agriculture-socio-economic-projects-made-part-cpec-cm/>

BALUCHISTAN’S CPEC SHARE

Published: December 24, 2018

Baluchistan’s lawmakers across the aisle have put aside their differences to vent their indignation at what they consider a measly share in the humungous CPEC. Disparate voices have been heard for way too long, but on Friday the provincial assembly channelised these murmurings of discontent into a properly drafted resolution with all parliamentary forces stamping their seal of approval. Through this resolution, the assembly demanded of the federal government to form a national commission to look into the alleged unjust distribution of the corridor projects. One of the key demands contained in the motion is that the federal authorities show more openness about the project details, peeling away layers of secrecy wrapping the grand scheme.

Moved by an opposition member Sana Baloch, the resolution pointed out that a total of \$62 billion have been poured into the project but Baluchistan stood completely ignored, receiving a niggardly share in the CPEC pie. The lawmakers were wary that such an attitude would further heighten the sense of deprivation vexing the already harried people of Baluchistan. Its MPs want the province’s territorial size to be considered when bestowing it its rights. The mover of the resolution was at pains to point out that his province had never been given its due share in national resources.

At the time of CPEC’s launch, he whimpered, it was said that the project would help turn Pakistan into the Asian Tiger and Baluchistan the tiger of Pakistan. Far from attaining that promised appellation, the province is left to feel like an ignored sibling. A Baluchistan National Party-Mengal legislator, Mr Baloch painted a dark picture of the goings-on. He asserted that on the eastern route of the CPEC all facilities of education, health, job, communication and industrial development were available, while the western route of the corridor had been bare of such facilities. Chief Minister Jam Kamal added to the litany of grievances, saying that the province only had two projects, the Gwadar port and Hubco-China coal-fired power plant in the CPEC, and blamed his predecessors for the sorry state of affairs. It’s time the federal government, in coordination with China, redressed the province’s grievances.

Published in The Express Tribune, December 24th, 2018.

<https://tribune.com.pk/story/1873437/6-balochistans-cpec-share/>

CPEC ENVISAGES SEVERAL NEW PROJECTS FOR GB: OFFICIAL

Jamil Nagri Updated December 26, 2018

GILGIT: The 8th Joint Coordination Committee (JCC) meeting of the CPEC has decided to include two hydropower projects, a women university, cancer and cardiac hospitals, a medical college and a logistics hub in Gilgit-Baltistan, besides establishing a special economic zone (SEZ) in Maqpoondas area of Gilgit under the multibillion dollar project.

Chief Minister Hafeezur Rehman was also scheduled to attend the JCC meeting held in Beijing from Dec 18 to 20, but he declined to attend it since AJK prime minister, and chief ministers of Punjab, KP and Balochistan were not participating in it. GB secretary planning and development Babar Aman Babar and a representative of GB Board of Investment attended the meeting.

Talking to Dawn, Mr Babar said the JCC had, for the first time, decided to include a 100MW hydropower project near Karakoram International University in Gilgit, an 80MW hydropower project in Phander area of Ghizer and other such projects in the region. The power projects will provide electricity in the shortest possible time and will be of immense benefit to boost tourism, he added.

Special economic zone will be set up near Gilgit

He said that an SEZ would be executed in Maqpoondas area by the Chinese companies.

The official said six sectors in GB identified for socioeconomic development would be funded under the CPEC, including agriculture, poverty alleviation, technical capacity building, education, health and water supply.

The China will provide grant for these projects, he said, adding in the first phase, dollar 300 million had been set aside by the Chinese government.

The secretary planning and development said the Gilgit-Shandur road had also been included in CPEC and its feasibility had almost been finalised by the NHA. This road will have great impact upon the lives and livelihoods of the people of Ghizer district, he added.

Mr Babar said remaining portions of Thakot-Raikot road, specially the portion between Dasu and Raikot, would be rehabilitated through Chinese grant.

He added that an alternative road was being constructed above the present road which would be submerged once the Diamer-Bhasha Dam was built.

This will make the journey comfortable for the residents of GB visiting Islamabad by road, especially during winter, he explained. He said that it had been decided to make the Khunjerab and Babusar passes all-weather for which proper feasibilities would be conducted. The Babusar Pass will be made all-weather by constructing an underground tunnel to make it travel worthy during winter season, he added.

The GB secretary planning and development said in near future, the expressway between Hassan Abdal (Islamabad-Peshawar Motorway) and Thakot would be completed, which will be a great gift for the people of GB as the distance and time to travel between Gilgit and Islamabad would be greatly reduced after this initiative.

Published in Dawn, December 26th, 2018

<https://www.dawn.com/news/1453619/cpec-envisages-several-new-projects-for-gb-official>

PAKISTAN TO PAY CHINA \$40B ON \$26.5B CPEC INVESTMENTS IN 20 YEARS

By Shahbaz Rana

Published: December 26, 2018

ISLAMABAD : Pakistan will pay \$40 billion to China in 20 years in shape of repayments of debt and dividends on a \$26.5 billion investment under flagship China-Pakistan Economic Corridor (CPEC), documents of the Ministry of Planning and Development reveal.

Out of \$39.83 billion – to be precise – the debt repayments of energy and infrastructure projects amount to \$28.43 billion. The rest of \$11.4 billion will be paid in shape of dividends to the investors, showed the official estimates.

The figures are significantly lower than the projections made by some private institutions, primarily because the outflows have been worked out on the basis of only \$26.5 billion investment.

This suggests that unlike the claims of \$50 billion to \$62 billion CPEC investment, the actual investment likely to remain half of the initially announced investment figures.

The only major project that can materialise in the next few years is \$8.2 billion Mainline-I Project of Pakistan Railways. The mainline project cost has not been included in these estimates.

The Ministry of Finance has also shared these estimates with the International Monetary Fund (IMF) last month, confirmed a government spokesman on CPEC affairs. The country on an average will return \$2 billion per annum to China.

These are the first comprehensive estimates of inflows that are based on under implementation projects and the outflows have been estimated on account of debt servicing of energy and infrastructure projects and dividends payments of power plants. CPEC portfolio currently comprises energy projects, being setup by private investors, and infrastructure schemes undertaken by the government.

The government loans of \$5.9 billion have been signed at an interest rate ranging from 2% to as high as 5.2%. There are three government loans totaling \$774 million that have been obtained at 5.2% rate.

The commercial loans for setting up power plants have been arranged at an interest rate of London Interbank Offered (Libor) plus 4.5%. However, it is the return on equity, which in some cases is as high as 34.2%, that will cause outflow of \$11.3 billion.

CPEC inflows of the existing under implementation projects will dry in 2022-23 when the country will receive \$26.5 billion, according to the Planning Ministry's working. On the basis of these inflows, Pakistani authorities have estimated that the country will return \$39.83 billion to Chinese firms.

"CPEC projects inflows will continue till 2030 on account of energy, infrastructure projects that will be based on pragmatic planning on their economic outlook and socio economic, agriculture and Gwadar projects," said Hasan Daud Butt, official spokesman on CPEC affairs.

To a question, Hasan Daud said both the inflows and outflows have been prepared as per actual investment and are based on projects that are under implementations. He said the Planning Ministry has shared these estimates with the Ministry of Finance and they discussed it with the IMF.

The IMF and the United States have expressed concerns over CPEC debt without acknowledging the benefits of the investment that helped remove infrastructure and energy sector bottlenecks.

However, Pakistan can only sustain these repayments by enhancing its exports. In case the country still remains unable to increase exports despite removal of energy bottlenecks, it will be difficult to manage these repayments.

Assuming that Pakistan-IMF three-year relation will begin from fiscal year 2019-20, the country will repay \$4.2 billion to China during this period on account of debt and dividend payments.

In the next fiscal year, Pakistan will return \$1 billion to China that will reach to \$1.9 billion during the last year of the IMF programme. The CPEC repayments will peak to \$3.23 billion in 2025-26 and from that year it will start reducing and ending at \$306 million in 2037-38, according to the documents.

Total inflows

The official statistics showed that CPEC inflows on account of 18 energy projects and 5 infrastructure projects that began in 2014-15 would end in 2022-23. Till last fiscal year, Pakistan has already received \$11 billion worth of CPEC inflows.

For the current fiscal year, CPEC inflows have been estimated at \$4.2 billion –which is the peak of the inflows. During the next four years, the inflows will amount to \$4 billion, \$3.73 billion, \$2.53 billion and \$1 billion in 2022-23.

Energy outflows

CPEC energy projects outflows have begun from this fiscal year that will continue till 2037-38. Against \$2.4 billion Chinese investment in Kohala hydropower project, Pakistan will return \$2.3 billion in loans and another \$2 billion in dividend payments.

Pakistan will get \$1.7 billion Chinese loan for Karot hydropower project and payback \$2.1 billion in loan and another \$700 million in dividend in 20 years. Against \$1.7 billion Chinese investment in Suki Kinari power project, the country will return \$2.1 billion in loan and \$1.94 billion in dividends.

The Port Qasim hydropower project is established at a cost of \$2.1 billion and the repayment of debt will amount to \$2.1 billion in addition to \$1.73 billion on account of dividends. The Sahiwal power plant, setup with an investment of \$1.8 billion, will cause \$2.14 billion debt repayment and \$1.37 billion in dividends.

Against an investment of \$2 billion in Hubco power plant, Pakistan will pay \$1.8 billion in loan and another \$1.5 billion in dividends to the investors. The Engro power generation project, being setup with \$1.1 billion investment, will result into \$770 million in loan repayment and \$407 million in dividends.

The Gwadar power project to be setup at a cost of \$435 million will lead to debt repayment of \$368 million and \$417 million in dividend payments. The Thar electricity power plant is being setup with \$1.64 billion Chinese investment.

The country will return \$1.64 billion in loan and \$749 million in dividend. In addition to that, five clean energy projects are being setup at a cost of \$1.1 billion and their debt and dividend payments are far higher than the cost.

Infrastructure projects

Against a loan of \$5.9 billion for five infrastructure projects, Pakistan will return \$7.5 billion to the Chinese government over a period of 20 years. Against a loan of \$1.3 billion for Karakoram Highway phase-II project, Pakistan will pay back \$1.63 billion.

This is inclusive of \$164.4 million debt that has been contracted at 5.2% rate. China has given a \$2.8 billion loan for Sukkur-Multan motorway and the country will return \$3.6 billion in 20 years. This loan also has an expensive component of \$361.2 million that has been contracted at 5.2% rate.

For Orange Line metro project, the country received \$1.6 billion loan including \$203.3 million at 5.2% interest rate. It will return nearly \$2 billion loan over a period of 20 years.

<https://tribune.com.pk/story/1874661/2-pakistan-pay-china-40-billion-20-years/>

CPEC HAS NO MILITARY DIMENSIONS, SAYS PAKISTAN

The Newspaper's Staff Reporter Updated December 28, 2018

ISLAMABAD: Pakistan on Thursday made it clear that the China-Pakistan Economic Corridor (CPEC) had no military dimensions.

Foreign Office spokesman Dr Mohammad Faisal, during his last weekly press briefing of the current calendar year, had been asked to comment on a report published in a section of US media alleging that the CPEC was not only about economy and trade but had military dimensions as well.

Mr Faisal said the CPEC was an economic project between Pakistan and China. "The CPEC has helped Pakistan improve its economy, particularly energy and infrastructure sectors have improved under it. The CPEC is a bilateral economic project, which is not against any country," he said.

Answering a question, he said the recent four-nation visit of the foreign minister was essentially part of the government policy to strengthen relations with all neighbours and regional countries and added that as part of the same effort the foreign minister would soon visit Qatar.

It is economic project which is not against any country: FO

The spokesman said Pakistan's long-standing position to give peace and reconciliation a real chance in Afghanistan had become the basis of an international consensus.

"Recent developments in Afghanistan have all led to this widely acknowledged agreement. This new opening in Afghanistan and willingness of all countries who agree on Pakistan's important role as facilitator has provided us a significant opportunity to also strengthen our bilateral relations with all the neighbours, especially for promotion of trade, economic and people-to-people linkages," he said.

"The visit also provided an opportunity to listen to views of the leadership of these countries for promoting a joint regional approach towards Afghanistan and explore realistic possibilities of regional integration in economic terms," he said.

Responding to another question, he said 341 Pakistani prisoners — 154 of them civilians and 187 fishermen — were currently incarcerated in Indian jails. Of them 45 prisoners, 12 civilians and 33 fishermen, have completed their sentence.

"Our mission is in contact with India's external affairs ministry and related state governments for repatriation of Pakistani prisoners. The Pakistani high commission also engages with the Indian media to highlight the plight of Pakistani prisoners. A law firm has also been hired to assist in and facilitate the repatriation. Where required, NGOs working for prisoners and civil rights activists have also been engaged to facilitate repatriation of Pakistani prisoners."

The spokesman said there were some problems in getting consular access, adding "however, our mission perseveres and actively pursues issues of all such prisoners."

About reports of harassment by Indian authorities of Pakistani diplomats posted in New Delhi, and similar allegations from the other side, he said Pakistan stood for upholding the Vienna Convention on Diplomatic Relations and had always endeavoured to facilitate the working of the Indian high commission in Islamabad, within the diplomatic norms, international law and practice. "It remains our position that the smooth and unhindered functioning of diplomatic missions is essential," he remarked.

The Foreign Office spokesman urged the international community, especially human rights champions, to persuade India to immediately halt human rights violations and atrocities in held Kashmir. He said Indian occupation forces, during the so-called search and cordon operations, had recently martyred six Kashmiris — Soliha Mohammad Akhoun, Rasik Mir, Rouf Mir, Umer Ramzan Mir, Nadeem Sofi and Faisal Javid Khan — in Pulwama district of the occupied territory.

He refused to comment on appointment of two former Afghan intelligence chiefs known for their anti-Pakistan stance as interior and defence ministers by Afghan President Ashraf Ghani.

He also refused to comment on President Donald Trump's surprise trip to Iraq to visit US forces stationed there that was condemned both by Iraqi politicians and militia leaders, and cancellation of his meeting with the Iraqi prime minister due to disagreement over the venue, saying "we cannot comment on the relations between two sovereign nations".

Asked to confirm the reports that the second round of talks between United States and Taliban would take place in Saudi Arabia, he said "No. I have nothing more to say on this issue".

Published in Dawn, December 28th, 2018

<https://www.dawn.com/news/1454000/cpec-has-no-military-dimensions-says-pakistan>

REPAYMENT OF CPEC LOANS TO BEGIN FROM 2022: EAD

RECORDER REPORT | Dec 30th, 2018 | ISLAMABAD

The repayment of China Pakistan Economic Corridor loans will begin from 2022 with total amount to be repaid is \$ 7.457 billion which includes principal of \$ 6.035 billion and interest of \$ 1.422 billion with an annualized payment of \$ 350 million. This was stated by the Economic Affairs Division in a statement that stated infrastructure holds primary importance for economic growth and prosperity of Pakistan, says a press release.

The government of China has committed an amount of \$ 6 billion concessional loans for five CPEC infrastructure projects. These are low interest rate preferential loans with 20 years tenor and five years of grace period. Out of these committed loans US\$ 4 billion has been received so far. In addition to this, government of China has approved US\$ 375 million grant projects which include mega infrastructure projects like Gwadar International Airport and Gwadar hospital. Similarly, Eastbay Expressway project is being financed through interest free loan of US\$ 168 million. The net effective rate of interest on CPEC infrastructure projects is around 2 percent per annum, the EAD added.-PR

<https://fp.brecorder.com/2018/12/20181230435827/>

NEWS COVERAGE PERIOD FROM DECEMBER 17TH TO DECEMBER 23RD 2018

CPEC'S JCC MEETING OPENS IN BEIJING TOMORROW

MUSHTAQ GHUMMAN | DEC 18TH, 2018 | ISLAMABAD

Pakistan and China are holding 8th Joint Coordination Committee (JCC) meeting of China-Pakistan Economic Corridor (CPEC) on December 19-20, 2018 in Beijing. Pakistani side is headed by Minister for Planning, Development and Reforms, Makhdoom Khusró Bakhtiar, Prime Minister AJ&K, Chief Ministers of Punjab, Sindh, KP, Balochistan and Gilgit-Baltistan.

The officials who will represent federal government in talks will be Chairman BoI, Secretary Ministry of Planning, Development and Reforms, Secretary Foreign Affairs, Secretary Economic Affairs Division, Secretary Communications, Secretary Railways, Secretary Maritime Affairs, Secretary Power Division, Secretary Petroleum, Secretary National Food Security and Research, Additional Secretary, Ministry of Industries and Production, Additional Secretary to the Prime Minister, GOC Special Security Division (SSD), Project Director/ Coordinator (CPEC) project, and Director General, Gwadar Development Authority (GDA).

The sources said, in order to prepare proposed agenda and deliverables, the respective Joint Working Groups (JWGs) meetings will be held in Ministry of Planning, Development and Reforms. The meeting of Cabinet Committee on CPEC was held on December 7, 2018, which discussed the following agenda: (i) briefing and review of the JWG meetings (energy, transport, industrial cooperation and socio economic development; (ii) briefing on security; and (iii) deliverables for 8th JCC meeting.

The proposed deliverables for 8th JCC meeting include: (i) transport infrastructure: discussion on ML-1 road map- decision on financing of framework agreements- upgradation of DI Khan – Zhob (Phase I)- KKH Thakot – Raikot (remaining portion)- discussion on modalities for all weather opening of KKH at Khunjab – discussion on Rail based Mass Transit projects (KCR, Greater Peshawar Region Mass transit, Quetta Mass Transit)- five years action plan on technical cooperation on Highways between Pakistan & China (2018-22)- discussion on provincial projects-Mirpur-Muzaffarabad-Mansehra 200 Kms Gilgit-Shandoor-Chitral (359 Kms)- Nokundi-Mashkhel-Panjgur road (290 Kms) and Keti-Bandar Sea Port Development project.

(ii) Gwadar: Signing of minutes of JWG meeting- signing of implementation minutes of Pak-China Friendship hospital at Gwadar- signing of implementation minutes of Technical and Vocational Institute at Gwadar- decision on date for ground breaking of new Gwadar International Airport (NGIA)- discussion on progress of 300 MW power plant at Gwadar.

(iii) Energy Cooperation: signing of JWG meeting minutes- review of Pakistan power market and discussion on inclusion on new energy projects (Azad Pattan Hydel, Mahl Hydel, 2xGB Hydel projects, Cacho and Western Energy Wind)- signing of Financial Close document of Matiari to Lahore Transmission Line – signing of Thar Energy Ltd (TEL) Financing documents (tentative)- discussion on possible projects in Oil & Gas sector.

(iv) Industrial Cooperation: signing of JWG minutes- framework agreement/MoU between BOI and NDRC on industrial cooperation- signing of concessional agreement between KPEZMEC & CRBC- sharing of remaining feasibility studies on SEZs (Bostan and AJK) with Chinese side

(v) Miscellaneous/Others: discussion on provincial new projects and signing of MoU on officials/worker's exchange programme between Ministry of Planning, Development and Reform and All-China Federation of Trade Unions (ACFTU).

<https://fp.brecorder.com/2018/12/20181218432113/>

RELIANCE ON CHINESE FUNDING TO GROW: FITCH
The Newspaper's Staff Reporter Updated December 20, 2018

KARACHI: The government's reliance on China will only grow in the coming years as private sector investment continues to decline in the country despite improvements in security conditions, rise in power production and better infrastructure, said Fitch Solutions in a report released on Wednesday.

"The Belt and Road Initiative (BRI) will continue to play an important role in driving infrastructure growth in developing economies in Asia," highlights the report.

Pakistan has failed to attract private sector investment despite better security conditions, increasing power capacity and strengthening infrastructure. The lack of investment from other countries will only increase the country's reliance on Chinese BRI.

The BRI-related funding comes with its own political risks. The report points out that “the rise in the number of populist candidates around the world has increased the risk of major infrastructure policy shift in countries with upcoming elections.” In a worrying trend around Asia, “National governments embracing Chinese investment and taking on Chinese government loans has led to the opposition parties using it as an attractive campaigning tool to rally the electorate.”

However, despite underlying risks, Fitch expects “a continued reliance on Beijing and the BRI for the financing and construction of infrastructure projects, regardless of who is in power.”

BRI projects have been criticised for the over-reliance on Chinese labour and equipment at the cost of local population where construction sites are located. But, “with the passage of time, as technology is transferred and the required framework for the development of complex infrastructure projects have been set up, we expect the involvement of more local companies in BRI projects, shifting the competitive landscape from Chinese-dominated to a joint-partnership model”, adds the report.

Published in Dawn, December 20th, 2018

<https://www.dawn.com/news/1452488/reliance-on-chinese-funding-to-grow-fitch>

GOVT PUSHING FOR DUE SHARE IN CPEC: KAMAL

By Mohammad Zafar

Published: December 20, 2018

QUETTA: Balochistan Chief Minister Jam Kamal has said the provincial government is trying to ensure provincial share in the China-Pakistan Economic Corridor (CPEC).

He was addressing the provincial assembly session chaired by Deputy Speaker Sardar Babar Musakhel on Tuesday.

The chief minister said the provincial government had to get 10 billion dollars in the wake of CPEC but the province remained deprived of its due share as it only received 2.5 per cent share in the last five years. Only two projects can be seen in the form of Gwadar Port and Hub Power Plant, he added.

“Instead of mass transit train and Pat Feeder water supply schemes, the previous government should have built new dams for Quetta but without proper vision they introduced unnecessary projects,” said Kamal.

He also said that his government in last four months took various bold decisions, which previous regimes were reluctant to take.

The CM said: “In five cabinet meetings, we approved more than 70 decisions in the better interest of Balochistan”.

In one of those meetings, the government announced it will lend provincial land on rental or lease basis to investors as people of Balochistan were the owners of their land, he added. Moreover, the CM briefed about the government plans for health and education sectors. He said an emergency has been imposed in these two sectors and implementation of new reforms was underway.

He also said Chief Minister District Development Fund has been made accessible at union council levels.

Kamal said: "Recruitments have been announced in the provincial departments. We have decided to launch a mechanism that would provide all assistance to applicants to apply in their native districts and they won't have the trouble of travelling to Quetta for applying".

He added the provincial cabinet, by taking all departments on board, was working on annual Public Sector Development Program (PSDP) while 144 non-functional schools were re-opened in Naseerabad division.

The chief minister reiterated that self-accountability was imperative in Balochistan. He said that the incumbent government had laid down the foundation of good governance in the province and the provincial government has been fostering culture of rule of the masses.

The provincial leadership believes in self-accountability, Kamal said, adding that soon accountability process would be launched in the province to fulfill all legalities for providing relief to the public.

"Though Balochistan remained the least developed province of the country, it has rich cultural values and customs. Following those cultural values we have to run the house with tribal traditions rather than discussing issues on personal basis," Kamal said, stressing upon joint efforts to address public issues.

Meanwhile, MPA Sanaullah Baloch said the province was facing a lot of problems due to drought, urging the provincial government to take steps to ensure provision of facilities to the stricken region.

To this, Kamal said no one can stop a drought because it comes about under a natural climate cycle but the provincial government was making earnest efforts to mitigate the situation and provide relief to the affected people.

He added the government has established Water Task Force comprising environmental experts. They would launch survey in all drought-hit regions and present their report.

Meanwhile, he congratulated Advocate Malik Sikandar for becoming the leader of opposition.

<https://tribune.com.pk/story/1870656/1-govt-pushing-due-share-cpec-kamal/>

ADB SAYS IT WILL NOT FINANCE CPEC PROJECTS
By Shahbaz Rana

Published: December 20, 2018

ISLAMABAD: The Asian Development Bank (ADB) said on Wednesday that it would not finance the China-Pakistan Economic Corridor (CPEC) projects and also linked its budgetary support to Islamabad with good economic health certificate from the International Monetary Fund (IMF).

The ADB is an international financial institution and cannot become part of any bilateral initiative like the CPEC, said ADB Strategy, Policy and Review Department Director General Tomoyuki Kimura while speaking to journalists. Kimura was on a two-day visit to Pakistan. The ADB Country Director Xiaohong Yang was also present at the press conference.

The DG maintained that the ADB was ready to support regional initiatives like the Belt and Road Initiative (BRI), also brainchild of the Chinese president. He stated that if the ADB found common objectives in any regional project including the BRI, it would readily finance such schemes.

The ADB is dominated by Japan and the United States, while China also has some influence.

Nonetheless, Yang maintained that there were common objectives between CPEC and Central Asia Regional Economic Cooperation (CAREC). She pointed out that it was high time to link economic corridors and other regional initiatives. Yang is a Chinese national. Yang further advised Pakistan to be watchful in handling the mega mainline-I project of the CPEC, which has an estimated cost of \$8.2 billion.

“The ML-I is a very expensive mega project and the government needs to explore all possible ways to make sure that the project is financially sustainable,” said the country director. “ADB is aiding Pakistan in reviving the Pakistan Railways.”

To a question, Yang replied that the ADB was ready to provide policy loans to Pakistan but it needed the IMF assessment letter to dispatch these loans.

The ADB and the World Bank suspended Pakistan’s budgetary support due to deterioration in macroeconomic conditions. Yang shared that all the donors came together on the issue of economic stabilisation policies that are to be implemented by Pakistan and it was not only about the IMF.

The DG informed that the government has broad based commitment to structural reforms and the ADB would support these reforms through policy lending.

For the next three years, the Manila-based lender has proposed to provide \$2.4 billion or 32% of the total loans for budgetary support to Pakistan. The DG backed the Pakistan Tehreek-e-Insaf (PTI) government’s stance on the privatisation of loss-making power distribution companies. Long time ago, the donors pushed the privatisation policies but the ADB is now taking a different approach on this issue, said Kimura.

Sometimes privatisation might be good but often it is very difficult to privatise loss-making enterprises due to their financial conditions, stressed the DG policy.

The country director said that the ADB was adopting a bottom-up approach on privatisation of loss-making enterprises. She added that the power distribution companies have to be financially viable before these can be privatised.

She further highlighted that the ADB was working on an integrated energy policy to address Pakistan's energy sector problems. A timeline is also being developed to address the issue of circular debt in the power sector.

Moving further, Kimura briefed about the ADB's long-term strategic framework, the Strategy 2030, introduced in July. He said that the new strategy has been developed in light of evolving economic conditions in Asia and the Pacific region.

The strategy 2030 enables ADB to respond better to Pakistan's transforming development needs, he added. The DG told the participants that ADB shared Pakistan's vision to accelerate sustainable and inclusive economic growth by promoting innovative technologies and delivering development solutions through a mix of public and private sector operations.

"ADB supports Pakistan's agenda of diversifying exports to revitalise the economy and generate jobs," he emphasised. "The country needs to continue to improve key infrastructure, energy supply, domestic resource mobilisation and the cost of doing business to ensure higher levels of competitiveness and productivity, and to link up with the global production networks and value chains."

He encouraged Pakistan to resolve structural impediments to economic development through reforms that revive and diversify exports for job creation. "Pakistan needs to improve skills and labour market efficiency, enhance financial inclusion and deepening, and promote greater infrastructure, investment, private sector, foreign direct investment, and trade integration," he quoted.

Under Strategy 2030, the ADB will focus on seven operational priorities aimed at addressing remaining poverty and reducing inequalities. The other pillars are accelerating progress in gender equality, tackling climate change, building climate and disaster resilience and enhancing environmental sustainability, making cities more liveable, promoting rural development and food security.

Strengthening governance and institutional capacity and fostering regional cooperation and integration are also pillars of the new strategy.

Published in The Express Tribune, December 20th, 2018.

<https://tribune.com.pk/story/1870599/2-clarifying-stance-adb-backs-away-financing-cpec-projects/>

BALUCHISTAN MPAS DEMAND 'DUE SHARE' IN CPEC PROJECTS

Saleem Shahid Updated December 22, 2018

QUETTA: Both treasury and opposition members in the Balochistan Assembly have expressed serious concern over what they called very less share of the province in projects launched under the China-Pakistan Economic Corridor (CPEC) and through a resolution demanded of the federal government to form a national commission to look into the alleged unjust distribution of CPEC projects.

The resolution was moved by opposition member Sana Baloch in the assembly's session on Friday evening. The session was presided over by Deputy Speaker Sardar Babar Khan Musakhail.

The resolution said that \$62 billion investment was made under the CPEC, but Balochistan was completely ignored by the authorities concerned. It said such an attitude would increase the sense of deprivation among the people of Balochistan.

It said that the federal government should provide complete details about the CPEC and ensure Balochistan's rights in the mega project according to the province's territorial size

Centre asked to form national commission to look into alleged unjust distribution of mega projects

Speaking on the resolution, Mr Baloch said that Balochistan had its own important, but unfortunately, it had always been ignored by the centre. The province had never been given its due share in national resources, he added.

He said that at the time of the launching of the CPEC it was said that with the completion of this project Pakistan would become the 'Asian Tiger' and Balochistan would be the tiger of Pakistan. But, he regretted, Balochistan had been completely ignored in the distributing of CPEC projects.

He alleged that Balochistan's interests were not protected in 52 MoUs signed by the previous government, adding that even Gwadar was ignored.

He claimed that nobody knew about details of agreements the government had signed with Chinese companies.

Mr Baloch, who belongs to the Balochistan National Party-Mengal, claimed that on the eastern route of the CPEC all facilities of education, health, job, communication and industrial development were available, while the western route of the corridor — from Fata to Zhob — had not been provided such facilities.

He said despite being the largest province of the country in terms of territorial size and having a long coastline and long routes, Balochistan was being provided less funds under the CPEC.

He said the proposed national commission should comprised of two members from each province.

Chief Minister Jam Kamal Khan Alyani termed the CPEC a chance for launching mega development projects in the country. Through loans, grants and joint ventures a number of development projects would be launched under the CPEC.

He criticised the previous government, claiming that it did nothing for Balochistan during its tenure. The province had only two projects, the Gwadar part and Hubco-China coal fire pant, in the CPEC.

Mr Alyani said former chief ministers of the province attended the Joint Coordination Committee's meetings, but they could not ensure the due share of the province in the mega project.

He said the share of Balochistan in the CPEC investment was 4 per cent which had been spent on the development of Gwadar port and the coal fire power plant. Balochistan had not even received 1 per cent of its share for socio-economic development.

Nawab Aslam Raisani, Nawab Sanaullah Zehri, Sardar Abdul Rehman Khatiran, Zamarak Khan Piralizai, Asghar Khan Achakzai, Nasarullah Zarey, Syed Ehsan Shah, Asad Baloch and other members also spoke on the resolution and demanded that Balochistan should be given its due share in the CPEC.

<https://www.dawn.com/news/1452914/balochistan-mpas-demand-due-share-in-cpec-projects>

BALUCHISTAN ASSEMBLY DEMANDS REVIEW OF CPEC SHARE

By Mohammad Zafar

Published: December 22, 2018

QUETTA: The Balochistan Assembly (BA) on Friday unanimously adopted a resolution demanding of the federal government to form a national commission to look into the unfair distribution of the China-Pakistan Economic Corridor (CPEC) share for the province.

The resolution was moved by Balochistan National Party-Mengal's Sanaullah Baloch during the assembly session presided over by Deputy Speaker Sardar Babar Khan Musakhel. The BA also adopted a separate resolution submitted by former Balochistan chief minister Aslam Raisani seeking details of the Memoranda of Understandings (MoUs) inked with the Chinese companies.

“\$62 billion investment is being made under the mega CPEC project, but Balochistan is being completely ignored in it by the concerned authorities, which has enhanced the sense of deprivation among the people of the province,” stated the resolution submitted by Sana.

It demanded of the Centre to set up a national commission, provide all details of the CPEC project and ensure Balochistan's rights in the mega project according to its territorial size so the sense deprivation among the people could be removed.

On the resolution, Sana said, “According to the Constitution, Balochistan is an administrative province with its own importance but it has always been ignored as it has not been given its share equal to that of other provinces.”

He said at the time the CPEC project was launched, it was announced that Pakistan would become an Asian Tiger and Balochistan would be the tiger of Pakistan. “Instead of implementing the promise, Balochistan has been completely ignored in the CPEC and deprived of its share.”

Taking the floor, former CM Raisani said, “During the tenures of the previous governments, 52 Memoranda of Understandings were signed, but the interests of Balochistan were not protected and even Gwadar was ignored. Nobody knows the details of the agreements signed with the Chinese companies.”

Balochistan Chief Minister Jam Kamal Khan, while taking the floor, said China had provided a chance of development to Pakistan through the CPEC as in the project “loans, grants and joint ventures are included”.

“Nothing has been done in Balochistan during the last five years and only two projects have been included in the mega project,” said Kamal, adding that Gwadar port and Hubco-China coal fire plant were two projects given to Balochistan.

On the 8th JCC meeting held in Beijing, the chief minister said former chief ministers attended the meeting, but played no role in ensuring the share of the province in the projects passed by the JCC.

“Balochistan’s share in the CPEC investment is 4 per cent, which has been spent on the development of Gwadar Port and Hubco coal fire power plant while Balochistan has not even received 1.0 per cent of its share for socio-economic development,” said the CM. “No project for Balochistan has been approved by the JCC.”

He lamented that of \$52 billion, presently projects worth of \$29 billion “are being implementing in the country while Balochistan has no share in it”.

“Balochistan is also being ignored by Islamabad regarding its constitutional quota in the national resources as we are getting only 3.0 per cent instead of 9.0 per cent fixed in the 7th NFC Award,” said the CM, urging the federal government to provide all details of any accord signed in the name of Balochistan.

<https://tribune.com.pk/story/1872043/1-balochistan-assembly-demands-review-cpec-share/>

CPEC BODY APPROVES \$1BN SOCIAL UPLIFT PACKAGE

Saleem Shahid Updated December 23, 2018

QUETTA: Balochistan Information Minister Mir Zahoor Ahmed Buledi has said that \$1 billion has been approved for a social development package in the eighth meeting of the Joint Coordination Committee (JCC) of the China-Pakistan Economic Corridor (CPEC).

Mr Buledi represented Balochistan with a strong delegation in the JCC meeting held in Beijing on Dec 20. Balochistan Chief Minister Jam Kamal Khan Alyani did not attend the meeting as he had reservations over not including development projects of the province in the CPEC.

On his return from Beijing, Mr Buledi said here on Saturday that the Chinese government would provide 20,000 scholarships to Pakistani students.

He said that the Chinese government would help Pakistan in textile, petro chemical, steel and mining sectors.

He said that in the meeting Balochistan demanded half of the amount approved for the CPEC’s social development package. “We also demanded half of the scholarships to be provided by the Chinese government to Pakistan.”

He said that the Balochistan delegation also suggested that Quetta-Zhob and Quetta-Surab dual carriageways be included in the CPEC.

The information minister expressed satisfaction over the pace of work on the ongoing CPEC development projects and said that in the meeting it was decided to accelerate the pace of work on Gwadar port and other projects.

He said cooperation between China and Pakistan would continue in education, agriculture, poverty eradication, health, drinking water and technical training sectors.

Published in Dawn, December 23rd, 2018

<https://www.dawn.com/news/1453086/cpec-body-approves-1bn-social-uplift-package>

CHINA DENIES ANY MILITARY DEAL UNDER CPEC

By Agencies

Published: December 23, 2018

BEIJING: China on Saturday outright rejected reports that Beijing had struck a deal with Islamabad on military facilities, including building fighter jets, under the China-Pakistan Economic Corridor (CPEC), stressing that the mega project comprises mainly industrial parks and facilities to improve people's livelihood.

At a daily briefing, Foreign Ministry spokesperson Hua Chunying said Afghanistan is China's close neighbour, and China would continue to contribute to promoting peace and reconciliation process and help stability in the war torn country.

"According to my information, it is a false report," Hua said in response to a question that China and Pakistan reportedly reached new deals under CPEC on military facilities, including building fighter jets.

The spokesperson told reporters that CPEC is an important cooperation framework set up by China and Pakistan for long-term bilateral cooperation in all aspects. She added that the corridor committee held the eighth meeting in Beijing on December 20.

"Going forward, we will consult with Pakistan to continue to implement the two leaders' consensuses, reap the early harvest projects, and step up cooperation projects mainly in industrial parks and facilities improving people's livelihood," she said.

Commenting on the planned US withdrawal of troops from Afghanistan, she said China upholds "Afghan-led, Afghan-owned" inclusive reconciliation process. "We would like to ... help resuming a peaceful, stable and safe situation for Afghan people," added.

However, when asked about the resignation of US defence secretary, reportedly due to his differences with President Donald Trump over plans to withdraw troops from Afghanistan and Syria, she did not offer any comments. "It is the internal affairs of the US, and is decided by the US president."

<https://tribune.com.pk/story/1872844/1-china-denies-military-deal-cpec/>

DESIGNED TO FAIL

Ershad Mahmud December 23, 2018

People in Muzaffarabad, capital of Azad Jammu and Kashmir, have taken to the streets for the last few months and are running a sustained protest campaign against 1124 MW Kohala Hydro Power Project, seeking drastic changes in its design. The \$2.5 billion project — the largest direct investment under the China-Pakistan Economic Corridor (CPEC), whose financial close was also scheduled on December 31, 2018 — seems in tatters at the moment.

The land acquisition process has been suspended. The petitions filed in courts by local landowners have initiated lengthy litigations. The government of Azad Jammu and Kashmir had succumbed to the intensive public pressure and wanted to resolve pending issues before initiating the Kohala project.

Consequently, the construction company is about to wrap up its operation by demobilising machinery, disengaging the Chinese engineers and laying off the local staff. China Three Gorges Corporation, one of the top five state-owned power companies, informed the Pakistani authorities its decision to withdraw its top management in a letter on December 5 and also conveyed that if the situation does not improve soon, all resources including equipment and staff would be demobilised which is tantamount to losing a huge sum of direct investment.

Azad Kashmir has a long list of grievances originating from the neglect and injustices exhibited by WAPDA over the last several decades. Despite producing lion's share of electricity in the country, AJK faces 15-hour long power cuts even during the severe winter weather. The Mangla Dam was inaugurated in 1965 but its royalty/water usages charges have not been paid yet to the AJK government at the rates being paid to KPK or Punjab. Likewise, WAPDA has not bothered to make a formal agreement with the government of AJK before commencing construction work on the power projects. The authorities in Muzaffarabad unofficially complain that WAPDA neither fulfils its commitments nor treats AJK at par with other provinces despite persistent appeals. There is a deep sense of unfair treatment across AJK.

Until a few weeks ago all was set to commence construction work on the Kohala project situated on the Jhelum River, 84 km away from Islamabad. All major agreements and no-objection certificates were already obtained. The Chinese company has paid Rs1.5 billion to the AJK government for the acquisition of land. The Chinese engineers and management staff were sent to the construction site. A replica of Neelum-Jhelum tunnel was approved by the government which is 17.4 km long.

However, sustained public protests against the adverse ecological effects of Neelum-Jhelum brought this project to a grinding halt. In April last year, former Prime Minister Shahid Khaqan Abbasi inaugurated the Neelum-Jhelum Hydropower Project meant to contribute 969 megawatts of electricity to the national grid. Within a few weeks, people in Muzaffarabad region experienced unexpected hazardous ecological impacts of the Neelum-Jhelum project.

The entire population of the Muzaffarabad district and city starting feared the extinction of River Neelum which is considered a lifeline for over a half million population. Most of them grew up boating in the river and associate themselves with the ambience and natural beauty of the city owing to flowing water in the river.

The water flow in the River Neelum touched a dead level which turned the river into a reeking Nala as 90 per cent of the river water was diverted into the tunnel.

The water flow in the River Neelum touched a dead level which turned the river into a reeking Nala as 90 per cent of the river water was diverted into the tunnel. The temperature soared unpredictably high which scared people and some environmental activists warned of heat waves once Kohala project gets completed. The water level swiftly has dropped to an alarming extent and is constantly declining. Consequently, hundreds of natural water resources have dried up.

As a result, over 30,000 people had to relocate their families from 23 villages to Muzaffarabad city and the process is steadily increasing. A few schools and madrasas are planning to wind up or move to some other locality as they, too, are facing acute scarcity of water. This influx is gradually creating a housing problem in Muzaffarabad city. In some areas, the forest is gradually disappearing, turning the lush green areas and mountains into black rocks.

The 54-km long Neelum Jhelum project's tunnel has become a nightmare for the local population. Civil society activist Jameel Faisal Kashmiri termed it a 'state-made ecological crisis'.

People in Muzaffarabad are cursing the authorities who failed to grasp the severe environmental impact of the Neelum-Jhelum Hydro Power Project which caused huge environmental damage not only to Muzaffarabad city but also endangered all other hydel projects which were in the pipeline.

People went through a devastating experience during the October 2005 earthquake and are quite sensitive about their land and natural resources. The ill-planned and ill-executed Neelum-Jhelum Project turned out to be a disaster. WAPDA and the AJK government had failed to envision and address issues related to ecological flow, proper and effective development of water bodies, maintenance of minimum required level of water in the river and development of a dedicated sewage treatment to remove municipal and industrial wastewater. Without addressing outstanding public grievances, WAPDA went on to follow the same old model, causing massive problems for the local population and generating unrest among the local inhabitants.

Talking to TNS, Azad Jammu and Kashmir Prime Minister Raja Farooq Haider Khan said until public concerns are addressed, resumption of construction work on the site seems impossible. He also suggested that WAPDA has the capacity and means to address this issue by developing water bodies on the Neelum-Jhelum project. Besides, it has to invest resources to deal with the ecological disorder. It seems that the AJK government is not in favour of tunnel technology as it proved an utter failure.

In Muzaffarabad, cutting across the political divide, a complete consensus is existing that before initiating construction work on the Kohala project the government of Pakistan has to ensure employing a people-friendly technology which keeps the river flow and natural ambience of the region intact. Otherwise, the current mass protests might engulf other regions of Azad Kashmir too. Recently, a few protests were also held in London against these power projects.

The present PML-N government of AJK seems unwilling to risk its popularity by going against the public mood. However, background conversations suggest that it has the interest to find a win-win situation for all stakeholders as Kohala is a national project. Yet, intervention from the highest level is required to resolve this conflict amicably, sources in government told TNS.

There is a visible trust deficit between the AJK government and WAPDA. Despite promises, people in Muzaffarabad are not convinced that WAPDA will mitigate and compensate for the adverse effects of these projects. A tripartite discussion leading to an agreement among the governments of Pakistan, AJK and WAPDA may have the potential to rapidly resolve this problem and save billions of dollar's investment.

<http://tns.thenews.com.pk/designed-fail/#.XCCQtFUzbc>

Adnan Aamir December 23, 2018

The Eighth Joint Coordination Committee (JCC) was held on December 20, 2018 in Beijing. Pakistan was led by Federal Minister for Planning, Development and Reform, Makhdoom Khusro Bakhtiyar. JCC is the top decision-making body for China-Pakistan Economic Corridor (CPEC), which meets every year in December to make decisions for the coming year.

Just a few days before the JCC meeting, Chief Minister (CM) Balochistan Jam Kamal had refused to attend the meeting in protest.

CPEC was presented as a game changer to the entire country by the erstwhile Nawaz government. Criticism on CPEC was considered criticism on the state of Pakistan. The opposition at that time raised concerns about the direction of CPEC route and alleged that it was only benefiting Punjab and Sindh at the expense of Balochistan and Khyber Pakhtunkhwa. However, no one in the provincial governments uttered a word against CPEC. That equation changed when Balochistan Awami Party (BAP) formed the government in Balochistan.

Saeed Hashmi, founder of BAP, had alleged that the Western route which, in theory, passes through Balochistan is not part of CPEC anymore. This led to an intensification of criticism against CPEC in Balochistan. The federal government denied the claim of Hashmi but the Balochistan government stood by its claim.

On December 10, CPEC Cell of Balochistan government delivered a detailed presentation to the Balochistan cabinet on CPEC. That briefing revealed that apart from Gwadar, no progress had been made on CPEC projects in Balochistan. The findings of this briefing came as a shock for the cabinet and this further strengthened the stance of the government that Balochistan had been left out of the CPEC-related development.

According to details of that presentation acquired by this scribe, Balochistan is supposed to get projects worth \$6 billion out of a total portfolio of \$62 billion, which makes the share of province stand at 9 percent. However, work has only started on Gwadar port-related projects and HUBCO coal power plant. There is no progress on infrastructure and industrial development projects in Balochistan under CPEC. Furthermore, the briefing also revealed that inclusion of the main infrastructure project of Balochistan — Zhob to Surab highway — was not even part of the 8th JCC agenda.

Once news of this briefing was published in the media, the federal government came forward for firefighting. Federal Minister for Planning, Development and Reforms called on Chief Minister Jam Kamal and assured him of addressing his concerns. Chinese Ambassador Yao Jing also met Kamal and gave similar assurances. As a result, nine new projects were included in the agenda of the 8th JCC as per the demand of the Balochistan government.

Zahoor Buledi, Provincial Minister for Information, was asked by CM Kamal to lead the delegation from Balochistan. Before traveling to China, Buledi told TNS that CPEC projects approved for Balochistan are the Gwadar Port, Gwadar new airport, and HUBCO power plant which do not benefit the people of the province. He alleged that the last government is responsible for leaving the Baloch behind in CPEC projects. “Our government is making efforts to correct this injustice with Balochistan.”

During the tenure of the last government, the opposition and media raised concerns about Balochistan not getting its due share from CPEC. However, the federal government of PML-N denied all such claims and the provincial government also toed the line of the Centre. At that time, the Balochistan government was a coalition of PML-N, Pakhtunkhwa Milli Awami Party (PKMAP) and National Party (NP). Political pundits believe that both PKMAP and NP remained quiet on the CPEC issue so that they do not earn the ire of Nawaz Sharif who had brought them into power in Balochistan.

Interestingly, the genesis of BAP can be traced back to the federal government interfering in the provincial domain. When BAP was formed, their prime agenda was to ensure that decisions about Balochistan are made in Balochistan. That was an indirect criticism on the last government where major decisions about the provincial government were made after the approval of Nawaz Sharif.

So, in retrospect, BAP was formed to empower the provincial government for making an important decision. However, there is another view that BAP is the brainchild of the establishment which was created to control the Balochistan government.

Shahzada Zulfiqar, senior journalist covering Balochistan for more than three decades, believes the tough stance adopted by BAP about CPEC is the need of the time. “BAP is taking a strong stance on the rights of Balochistan to primarily counter Baloch nationalists,” he tells TNS. “Preventing the sale of the lands of Balochistan to the Chinese and demanding a greater share for the province in CPEC are also demands of the Baloch nationalists. Jam Kamal is trying to take advantage of the situation.”

Zulfiqar says the Kamal government has also adopted this strategy viz-a-viz CPEC to earn public support. “Whether the Jam government really means what it demands about CPEC, it’s too early to say.”

The Balochistan government succeeded in adding projects to the list of 8th JCC agenda. The 9 projects for Balochistan which were presented before 8th JCC for approval focus on socio-economic development and infrastructure. “We will make a case for the construction of dual-carriageways from D.I Khan in North to Surab and onwards in the south,” said Buledi. “Along with highways we are also pitching for dams and other projects which can help in the economic uplift of the people of Balochistan.”

Presently, there is not a single dual carriageway in the entire Balochistan. The existing two-lane highways have caused accidents and also added to travel hours. If the proposed dual-carriageway projects of Balochistan are approved for funding in the 8th JCC, it will make a huge difference for the economy and mobility of the province. Jam Kamal can even use it as a card to get votes for BAP in the next elections. However, will the Chinese agree to this demand of the Balochistan government? Only the detailed outcome of the 8th JCC can reveal that.

<http://tns.thenews.com.pk/eighth-jcc-balochistan/#.XCCRKVUzbc>

NEWS COVERAGE PERIOD FROM DECEMBER 10TH TO DECEMBER 16TH 2018

BALUCHISTAN VOICES CONCERN OVER ITS SHARE IN CPEC PROJECTS

Saleem Shahid Updated December 10, 2018

QUETTA: The Balochistan government has expressed concern over the dismal share of the province in development projects under the China-Pakistan Economic Corridor (CPEC), saying that during the

last five years only two projects — Gwadar port and Hubco coal-based power plant — have been approved for the province.

Even these two projects did not directly benefit the people of Balochistan, a spokesman for the Balochistan government said on Sunday.

The spokesman said that Chief Minister Jam Kamal Alyani had been making efforts to obtain due share of the province in the CPEC-related projects. He said that an important meeting of the Joint Coordination Committee (JCC) of the CPEC was expected to be held in China during the current month in which the CM and federal Minister for Planning and Development Khusro Bakhtiar were expected to participate.

“The chief minister has expressed his desire that major share of Balochistan must be ensured in the projects to be approved in the JCC meeting,” he said.

He expressed the hope that the Planning Commission would not ignore the desire of the province and would not repeat mistakes made in the past. He said the Balochistan government would observe the Planning Commission’s proceedings in connection with the JCC meeting.

The spokesman said that the provincial government would make final decision about attending the JCC meeting after observing the attitude of the Planning Commission and receiving the JCC meeting agenda.

He said that the provincial government had voiced serious concern over denying Balochistan its due share in CPEC-related projects at a meeting held here a few days ago to review the pace of work on the projects in the province. The meeting was chaired by Chief Minister Alyani.

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<https://www.dawn.com/news/1450491/balochistan-voices-concern-over-its-share-in-cpec-projects>

CPEC IS PAKISTAN’S NATIONAL PRIORITY, CHINA TOLD

The Newspaper’s Staff Reporter Updated December 11, 2018

ISLAMABAD: Pakistan on Monday reaffirmed its commitment to the China-Pakistan Economic Corridor (CPEC) by pledging to complete it as a national priority.

The assurance was conveyed to the Chinese side by the Foreign Office at the inaugural round of bilateral political consultations. Foreign Secretary Tehmina Janjua led the Pakistani delegation at the meeting, while the Chinese side was headed by Vice Foreign Minister Kong Xuanyou.

“Pakistan side conveyed that CPEC is a national priority for the government and Pakistan remains committed to the successful implementation of CPEC,” the FO said in a statement on the meeting.

“The two sides also resolved to work together towards completion of the ongoing projects and agreed to expand CPEC to new areas of cooperation in line with the vision of the leadership of Pakistan,” it added.

The reiteration comes ahead of the upcoming meeting of the Joint Coordination Committee (JCC) of the CPEC in Beijing next week.

Prime Minister Imran Khan had last month paid his maiden visit to China. During the trip, which analysts say reinforced Pak-China bond, the two countries showed “complete consensus on the future trajectory of CPEC, timely completion of its ongoing projects and joint efforts for realisation of its full potential with a focus on socio-economic development, job creation and livelihoods and accelerating cooperation in industrial development, industrial parks and agriculture”.

However, there is speculation that despite the positivity exhibited during Mr Khan’s Beijing trip, the Chinese have concerns about the future of the CPEC.

The Pakistani and Chinese delegations at their political consultations “agreed to build on the consensus developed during Mr Khan’s visit”, the FO said.

“They reaffirmed ‘all-weather strategic cooperative partnership’ between the two countries and expressed their satisfaction at the strong bilateral ties in political, economic, security, cultural and other spheres,” the statement said.

Chinese Vice Foreign Minister Kong Xuanyou also called on Foreign Minister Shah Mehmood Qureshi after the political consultations.

Mr Qureshi said the prime minister’s visit to China marked “a milestone in the history of bilateral relations and has deepened the bond of trust and friendship between two nations”. Reassuring the Chinese delegation about the CPEC, he said Pakistan would complete this project as envisaged by the leadership of both countries.

Mr Qureshi confirmed Pakistan’s participation in the 2nd meeting of China-Afghanistan-Pakistan foreign ministers’ trilateral mechanism to be held in Kabul on Dec 15.

The Chinese vice foreign minister also visited the General Headquarters for a meeting with Army Chief Gen Qamar Javed Bajwa.

“During the meeting matters of mutual interest, regional security and enhanced bilateral cooperation came under discussion,” the Inter-Services Public Relations (ISPR) said.

Gen Bajwa underscored that Pak-China relations were all-weather and based on mutual trust and confidence. “The visiting dignitary commended the sacrifices and resilience of the people and armed forces of Pakistan and appreciated the role Pakistan Army has played in battling the scourge of terrorism,” the ISPR said.

Last month security forces had foiled a terrorist attack on the Chinese consulate in Karachi. The Chinese government had on that occasion praised Pakistani security forces for their timely action and emphasised on ensuring the safety of Chinese institutions and personnel in Pakistan.

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<https://www.dawn.com/news/1450740/cpec-is-pakistans-national-priority-china-told>

BALUCHISTAN CABINET SHOCKED BY CPEC PRESENTATION

Khurram Husain Updated December 11, 2018

KARACHI: The Balochistan cabinet was left shell-shocked at the end of a briefing on the progress of CPEC projects in the province when it was revealed that no progress has been made in any projects outside Gwadar and the meagre share of the province in the overall portfolio of CPEC projects.

The briefing was provided by the CPEC Cell that the Balochistan government has recently established with help from the World Bank.

According to a source who was present during the meeting on Monday, which lasted all day, almost four hours were spent on the briefing from the cell.

The major finding of the cell was that all projects connected with the western route have seen no progress whatsoever, and the overall size of the portfolio of CPEC projects in Balochistan is miniscule where less than 9 per cent of the total committed, around \$5.5 billion, is for the province and less than \$1bn has been spent in four years. Of this \$1bn, around \$200m is accounted for by the Hub power plant.

The cabinet members described the CPEC spending thus far as “a joke” and they blasted the previous government for its inaction.

In the energy sector, the cabinet was informed that the current shortfall of 700MW in the province means that all the new power injected into the grid as a result of CPEC power projects has not found its way to Balochistan and that Makran Division has still not been connected to the national grid.

Two projects negotiated by the previous government — Quetta Mass Transit and PAT feeder to Quetta water project — will both be revisited by the new government.

“The debt and liabilities of both projects will be borne by the Government of Balochistan and the costs revealed in the feasibility are very high,” according to the source.

The Quetta Mass Transit cost, for example, is \$912m which is larger than the total development budget of the provincial government. The cost of land acquisition, displacement and resettlement and income tax and customs duties are not included in this figure.

For the PAT feeder, the water will need to be pumped up to an elevation of 6,000 feet across a distance of 280km to reach Quetta, using 9 pumping stations at different points across the pipeline. The project cost is Rs40bn, also to be borne by the Balochistan government.

Outside of Gwadar, the cabinet was informed that the roads of the western route have seen no progress, and more than half of the Balochistan component of the western route is still not officially part of the CPEC agenda.

Without the inclusion of these projects in the agenda of the Joint Working Group on Transport and Infrastructure, the projects are not eligible for concessionary financing from CPEC funding lines. The

federal government has committed to fund these from its development budget, but thus far the allocated funds have not been released despite a passage of three years.

The cabinet members were also annoyed that the Hoshab-Basima-Sorab section of the road has been shown as part of the western route by the federal government even though this project began in 2006 and is part of the common alignment.

The cabinet members agreed that the Balochistan government will take a bold and firm line for their province in the forthcoming Joint Cooperation Committee meeting scheduled to be held in Beijing next week.

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<https://www.dawn.com/news/1450773/balochistan-cabinet-shocked-by-cpec-presentation>

NEW AREAS OF COOPERATION: PAKISTAN, CHINA AGREE TO EXPAND CPEC RECORDER REPORT | DEC 11TH, 2018 | ISLAMABAD

Pakistan and China Monday resolved to work together towards completion of the ongoing projects under the China-Pakistan Economic Corridor (CPEC), besides expanding it to new areas of cooperation. This was agreed in the first round of Political Consultations between Pakistan and China held in the Ministry of Foreign Affairs. Foreign Secretary Tehmina Janjua led the Pakistani delegation whilst Chinese side was led by Chinese Vice-Foreign Minister Kong Xuanyou.

“Both sides held comprehensive discussions on the entire gamut of bilateral relations,” the Foreign Office said in a statement, adding that the two sides reaffirmed “All Weather Strategic Cooperative Partnership” between the two countries and expressed their satisfaction at the strong bilateral ties in political, economic, security, cultural and other spheres.

The two sides also agreed to build upon the consensus reached between the leadership of two countries during the visit of Prime Minister Imran Khan to China, it stated, adding that the Pakistani side conveyed that the CPEC is a national priority for the government and Pakistan remains committed to the successful implementation of CPEC.

“The two sides also resolved to work together towards completion of the ongoing projects and agreed to expand CPEC to new areas of cooperation in line with the vision of the leadership of Pakistan,” it said.

Earlier, the Chinese leadership had reportedly expressed concerns over the statements by some PTI government’s officials with regard to reviewing the CPEC projects following which the funding of some projects was reduced.

However, the 8th meeting of Joint Coordination Committee (JCC) on CPEC will be held from December 20 in Beijing in which the two sides will exchange views on the upcoming projects under the CPEC. Sources said that the JCC is also expected to sign framework agreements on special economic zones (SEZs) for development of industrial sector.

“Both sides exchanged views on international political situation with a particular focus on Afghanistan and South Asia,” it stated, adding that they also expressed satisfaction at their robust cooperation in multilateral fora and reiterated their resolve to further augment it in the future.

The visiting Chinese Vice-Foreign Minister Kong Xuanyou also called on Foreign Minister Shah Mahmood Qureshi separately in Ministry of Foreign Affairs.

The foreign minister congratulated Vice-Minister Kong on successful conclusion of Pakistan-China Bilateral Political Consultations. He said that Pakistan-China friendship has deep cultural, historical and institutional linkages and has become an “All-Weather Strategic Cooperative Partnership.”

Recalling Prime Minister’s Imran Khan’s successful visit to China in November, the foreign minister said that it marks a milestone in the history of bilateral relations and has deepened the bond of trust and friendship between the two nations.

Qureshi highlighted that CPEC has added yet another dimension to bilateral ties and reiterated Pakistan’s commitment to complete this project as envisaged by the leadership of both the countries. He said that he is looking forward to participating in the 2nd meeting of China-Afghanistan-Pakistan Foreign Ministers’ Trilateral mechanism to be held in Kabul on December 15, 2018.

While reciprocating the sentiments of Foreign Minister Qureshi, Vice Foreign Minister Kong said that China attaches paramount importance to its relations with Pakistan. He expressed satisfaction at the momentum of bilateral relations and underscored the need to further enhance ties in political, economic, defence and cultural spheres. He appreciated Pakistan for its efforts to achieve goals of national development.

Both leaders also exchanged views on regional situation and multilateral issues of mutual concern and agreed to deepen strategic coordination and communication at all levels.

Meanwhile, the Chinese vice minister of foreign affairs also called on General Qamar Javed Bajwa, Chief of Army Staff (CoAS), at GHQ, the ISPR said.

During the meeting, matters of mutual interest, regional security and enhanced bilateral cooperation came under discussion. The CoAS said that Pak-China relations are all-weather and based on mutual trust and confidence.

The visiting dignitary commended the sacrifices and resilience of the people and armed forces of Pakistan and appreciated the role Pakistan Army has played in battling the scourge of terrorism, it added.

<https://fp.brecorder.com/2018/12/20181211430122/>

CPEC AND BALOCHISTAN
By Editorial

Published: December 11, 2018

The Balochistan government has once again expressed its reservations over inequitable distribution or allocation of projects being visualised, planned and executed under CPEC. Balochistan has a long history of being neglected in overall development strategy of successive governments despite being the richest among all federating units in terms of natural resources. Since 1950s, the natural gas being produced and supplied from its rugged terrains has kept the wheel of country's economy and industry moving but even today most of its towns and villages are deprived of the benefits of the natural gas.

So seems to be the case with CPEC projects. All this has added to a collective sense of deprivation ultimately leading to a sense of alienation. The leadership of Balochistan on either side of the political and ideological divide is unanimous while agitating these grievances. A Balochistan government spokesperson on Sunday referred to a scheduled meeting of the Joint Coordination Committee (JCC) on CPEC and said the participation of the Balochistan CM in the meeting will be subject to the Planning Commission's response to include the Balochistan-related projects in CPEC. The spokesperson hoped that the Planning Commission, while finalising agenda for the JCC meeting, would not repeat the mistakes of the past by ignoring the suggestions and proposals of the Balochistan government.

In April this year too, former CM Mir Abdul Quddus Bizenjo had accused the Centre of ignoring Balochistan in the CPEC projects. He had said the province was not even getting one per cent of the CPEC projects. While most of the details about the number and size of the CPEC projects have never been made public, the reports in the media indicated that the main beneficiary of the development under CPEC projects would be Punjab, followed by Sindh. It is time for the federal government to reconsider its strategy and address the grievances of Balochistan as well as of Khyber-Pakhtunkhwa.

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<https://tribune.com.pk/story/1863984/6-cpec-and-balochistan-2/>

CPEC AND BALOCHISTAN

Editorial Updated December 12, 2018

THE cabinet of the provincial government of Balochistan is right to feel outraged at the findings of the Planning and Development Department's CPEC-related cell, which show that the province has received a miniscule share of the total investment committed under the corridor's bouquet of projects. And even those projects that were committed have seen no measurable progress over the past five years.

Not only that, two of the largest projects supposedly under the CPEC umbrella (Quetta Mass Transit and PAT feeder to Quetta water supply) are going to be financed by the provincial government's own resources.

It is worth recalling that Lahore's Orange Line train was a high priority CPEC project. In fact, the findings of the CPEC cell, which spent weeks in the field and in poring through the paperwork to generate a snapshot of where the province stands in the overall execution of CPEC, are nothing short of scandalous.

For example, none of the roads that are part of the so-called 'western alignment' have seen any work, whereas another set of roads — the N85 highway running from Gwadar to Panjgur to Quetta — has

been shown on the CPEC website as part of the western alignment, even though it was never a part of the CPEC road system.

The findings also show that the power deficit of the province remains at 700MW, despite the additional power generation capacity that has come online around the country since the early harvest projects of CPEC were commissioned.

All this and more should rightly be a source of extreme consternation for the provincial authorities, who now have an obligation to double down and make a special case for their province and its fair right to the resources that are bundled under CPEC.

Islamabad is abuzz with activity these days as the government prepares for the forthcoming 8th Joint Cooperation Committee meeting that will begin on Dec 20 in Beijing. This is the time for the provincial authorities from Quetta to demand actual, measurable resources for the province.

Some argue that the province has low population density and therefore has lower entitlement to the country's resources. This argument may be correct up to a point, but the dismally low allocations for Balochistan cannot be justified in this way.

The provincial authorities now need to take their grievances to Islamabad, and ensure that they are programmed properly into whatever agenda the government will be carrying to Beijing next week.

Published in Dawn, December 12th, 2018

<https://www.dawn.com/news/1450972/cpec-and-balochistan>

EXPANDING CPEC

By Yasir Masood

Published: December 12, 2018

The recent visit of Prime Minister Imran Khan to Beijing in the first week of November has further heightened the brotherly relations between Pakistan and China. President Xi Jinping appreciated Prime Minister Khan's firm resolve to introduce economic and social reforms in Pakistan by following the Chinese practices of incremental reforms and their implementation for achieving development, progress and prosperity. Apart from other diversified talks, pledges, promises and commitments to rectifying Pakistan's current financial crunch, the China-Pakistan Economic Corridor (CPEC) has also been further solidified by mutual consultation for extending it in the just and right direction.

It is beyond doubt that CPEC carries a colossal importance in the upkeep of amicable relations especially through perpetual commercial linkages which encompass over 2,700 km from Gwadar to Kashgar. Overall, the project fruition is surmised to be completed in 15 years through three different phases — 2013-2020, 2020-2025 and 2025-2030. CPEC and its connectivity to Central Asia, the Middle East and Africa are strongly believed to redesign the current economy of the entire region. The corridor is an extension of China's proposed 21st century 'Silk Road Initiative' or 'Belt and Road Initiative' (BRI), which is a strategic initiative for the entire region that aims to make Pakistan an economically-vivacious and business-oriented country. Investments under CPEC in infrastructure and

energy sectors, through the implementation of early harvest projects, are already reaping an encouraging economic growth of the country that will provide a springboard to the economy of Pakistan. In the first phase of implementation of CPEC (early harvest projects), priority has been given to developing rudiments of CPEC to initiate the economic activities.

The government is now objectively engaged in identifying those areas which directly or indirectly can redirect the socioeconomic predicament of the people of Pakistan in order to realise the true potential of CPEC. Therefore, the apex catalyst of CPEC is to make the initiative a 'gateway to prosperity'. Accordingly, six major areas are identified by the current government for the expansion of CPEC which are: Trade & Market Access; Industrial Development & Global Value Chains; Socioeconomic Development & Poverty Alleviation; Agriculture Modernisation & Marketing; Gwadar Oil City & Blue Economy and; Regional Connectivity & Third Country Participation. These key areas through mutual cooperation would help steer CPEC towards the right direction in the upcoming five years (2018-2023). Increased level of all these outcomes will converge to higher development, the accelerated growth rate in economies of both the countries coupled with contributions to the development of the region and contiguous states.

The variety of projects in the areas of trade and market access under CPEC will originate a plethora of opportunities in different spheres of life. In this connection, collaborative bond with China will be the rich source of promoting trade, facilitating market access, elevating the standard of living and achieving sustainable inclusive growth in Pakistan during the next five years. In addition, through CPEC, Pakistan will be able to open its doors to the world by expanding its trade and transport links, as well as boosting economic influence across Central Asia, South Asia, the Middle East, Africa and Europe.

Under the fold of Industrial development and global value chains, the government is charting out industrial cooperation and import substitution with China in light engineering sector through the selective relocation of the Chinese industries. This relocation of Chinese export-focused light manufacturing and consumer products labour intensive industry will likely double the export index. Repositioning expansion of the IT sector through joint ventures along with the transfer of technology and capacity building will certainly drive up productivity graph.

For the socioeconomic development and poverty alleviation, Chinese experiences will help a great deal, for instance, it has been able to lift around 700 million out of poverty in about 30 years. Through CPEC more than a million direct jobs and manifold indirect and induced ones will be created to handle unemployment and poverty reduction. In addition, capacity development of skills via technical and vocational hubs across the country along with community-based projects in low job areas will also be established.

Under the realm of agricultural modernisation and marketing, the government has prioritised value addition and co-branding of dairy, livestock and poultry sectors to significantly uplift these sectors. Productivity enhancement of fruits and high-value crops through the transfer of technology in precision agriculture (drip irrigation and sprinklers, etc) will be focused and application of modified and high yield variety seeds for crops diversification to substitute edible oil/pulses imports.

The government is also stepping up Gwadar with Blue Economy by the establishment of Oil City in Gwadar to substitute refined oil imports with crude oil. Development of aquaculture for fisheries and

seafood along the coastal area would also be tapped. Coastal tourism will also further the prospects of Balochistan in particular.

Moreover, the focus will also be upon the CPEC infrastructure towards connectivity improvement, analysis of the alternative optimal routes for the region through Gwadar port, and exploring the feasible connections among Central Asia, the Middle East, Africa and Europe to achieve regional harmony and prosperity.

Pakistan requires to advocate more aspects of CPEC as well as align it with all relevant national, provincial and local plans of Pakistan. Therefore, both Pakistan and China must broaden bilateral cooperation, arrange periodic meetings of experts during the next five years in order to brand the benefits of CPEC through the implementation of various projects, strengthening the mutual communication and cooperation between the various federal level ministries, institutions, provincial departments, business communities and stakeholders. The current five-year plan (2018-2023) of CPEC includes objectives that demand pressing needs and actions by both countries to accomplish the goals in true letter and spirit.

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<https://tribune.com.pk/story/1864926/6-expanding-cpec/>

NO PROGRESS MADE ON BALOCHISTAN COMPONENT OF CPEC'S WESTERN ROUTE
Rafiullah Kakar Updated December 15, 2018

The China-Pakistan Economic Corridor (CPEC) is once again in the spotlight as one of the founders of the ruling party in Balochistan, Saeed Ahmed Hashmi, has expressed concerns regarding the existence of its western route. While there are several dimensions to CPEC that merit debate, the focus in this article is on an evidence-based update on the status of the western route of CPEC.

According to the Long-Term Plan of the mega-project, CPEC comprises one corridor and multiple passages, including eastern, central and western alignments. These passages are joined together by common alignments in the north and south. The southern common alignment starts at Gwadar and terminates at Basima. From Basima onwards, the corridor breaks into eastern, central and western passages. These passages re-converge at Burhan — which marks the beginning of the northern common alignment that passes through Thakot and Khunjerab.

Interestingly enough, the federal government describes the Gwadar-Hoshab-Surab road as a section of the western route in its official briefs and maps when in fact it is the southern common alignment. The government does so because this is the only road that has been built in Balochistan over the last five years.

The reality is that this road is neither part of the western route nor is it a CPEC project at all. This scheme was conceived during the period of General Pervez Musharraf. Construction work on it began in 2007, long before CPEC came into being. The federal government insists on showing it as part of the CPEC's western route just to deflect political pressure and criticism and to disingenuously show that progress has been made on the route in Balochistan.

Between Basima and Burhan, the western alignment passes through Surab, Quetta, Zhob and D.I. Khan whereas the eastern alignment passes through Khuzdar, Sukkur, Multan and Lahore. Excluding the common alignments, the western alignment is approximately 500km shorter than the eastern alignment.

Timeline for western passage

The western passage was supposed to be built on a priority basis. The grounds for this claim are as follows: First, the all-party conference held at the Prime Minister House on May 28, 2015 concluded that the western alignment of CPEC would be built first.

Second, the CPEC monographic study on transport planning (2014-2030), which was jointly conducted by the governments of China and Pakistan and approved by the fifth JCC in Nov 2015, provides the plan for short-term, medium-term and long-term transport and infrastructure projects under the umbrella of CPEC. This plan provided for the construction of an expressway from Burhan to D.I. Khan and the up-gradation of the existing road from D.I. Khan to Surab (via Zhob and Quetta) into a four-lane highway by 2020.

Work carried out in Balochistan

Over five years have passed since the memorandum of understanding on CPEC was signed in 2013 and progress on the western alignment remains virtually nonexistent. In fact, zero progress has been made on the 750km stretch of Balochistan component of the western alignment. Even worse, nearly three-fourths of the Balochistan component (Zhob-Quetta-Surab section) is not even included in the CPEC infrastructure portfolio. The only section that is officially on the CPEC infrastructure agenda is the D.I. Khan-Zhob section (205km) but here too no progress has actually been made. In contrast, construction work on the eastern alignment is likely to be completed by the end of 2019.

The D.I. Khan-Zhob road was approved as a short-term CPEC project in the fifth JCC held in 2015. Its feasibility study and PC-1 were completed in 2016 and approved by the Executive Committee of the National Economic Council (Ecneec) in May 2017.

Subsequently, a framework agreement was prepared and loan request was submitted to the Chinese side through the Economic Affairs Division. However, in Dec 2017 the Chinese government stopped the promised loan, arguing that previous procedure of release of funds was meant for early-harvest projects only and that new guidelines would be issued for financing non-early-harvest projects.

More than a year has passed since the loan was stopped, and the project remains without finances. In the last meeting of the joint working group on infrastructure held in October 2018, the project was once again postponed till next year.

The Zhob-Quetta and Quetta-Surab sections are not yet officially included in the CPEC agenda. Of these two sections, the Quetta-Surab section was supposed to be built through finances from the Asian Development Bank under the CAREC programme. NHA was supposed to complete the feasibility study by March 2016 and submit the PC-1 to Ecneec for approval.

Three years on, NHA still hasn't finalised the feasibility study and PC-1 for this road. About the Zhob-Quetta section, the federal government had pledged that it would be financed through the federal PSDP. Token amounts were allocated for this road in the federal PSDPs for 2017-18 and 2018-19, but no concrete step was taken.

In the revised PSDP for 2018-19, both the Zhob-Quetta and Quetta-Surab road projects have been deleted. Balochistan is also home to a section of the eastern alignment, i.e., the Basima-Khuzdar road. This road was approved as a short-term CPEC project in 2015. Like the D.I. Khan-Zhob road, the loan for this project was stopped by China in Dec 2017. The federal government pledged to finance this through the federal PSDP but hasn't yet delivered on its promise. As a matter of fact, the amount allocated for this road in the revised PSDP for 2018-19 was reduced to mere Rs0.5 million.

Status of land acquisition

Lastly, the directives for acquiring land for the above-mentioned roads were issued in 2015 by the office of the prime minister. In line with the premier's directives, the Balochistan government conducted surveys, issued notifications under Section 4 of the Land Acquisition Act 1894, shared cost estimates with NHA in Dec 2016 and demanded the release of funds to the DCs concerned. Two years on, NHA still hasn't released a penny for land acquisition, despite allocations being made for this purpose in the federal PSDPs for 2016-17, 2017-18 and 2018-19.

Given where things stand currently, the western alignment of CPEC is highly unlikely to be upgraded in the next five years, let alone be completed by 2020.

The writer is an independent public policy analyst and consultant, who has served as an adviser to the Balochistan government on CPEC

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<https://www.dawn.com/news/1451519/no-progress-made-on-balochistan-component-of-cpecs-western-route>

CM DISCUSSES CPEC ISSUES WITH CHINESE ENVOY

By Mohammad Zafar

Published: December 15, 2018

QUETTA : Chief Minister Jam Kamal Khan has stressed the need for inclusion of social development projects for Balochistan in the second phase of China-Pakistan Economic Corridor (CPEC).

Talking to Chinese Ambassador Yao Jing in Islamabad on Thursday, the minister discussed province's reservations and demands regarding the corridor project.

He said that people of Balochistan were pledged of western route of CPEC but in the last five years zero progress was made on the plan, which has been increasing people's desperation.

In view of the importance of Gwadar port, Balochistan has the right to receive a major share of development under CPEC, he said, adding that the government has been demanding social development projects that could provide direct relief to the people of Balochistan.

Kamal said: “Alongside progress on the western route, the provincial government has been demanding Chinese assistance in the province’s livestock and fisheries sector. We also need infrastructure and new dams for Balochistan”.

The minister also said that the provincial cabinet’s decision and demands would be presented for approval in the upcoming Joint Cooperation Committee (JCC) meeting to be held next week in Beijing.

Acknowledging the CM’s demands, the Chinese envoy assured his country’s full cooperation in the development of Balochistan.

<https://tribune.com.pk/story/1867241/1-cm-discusses-cpec-issues-chinese-envoy/>

JCC ON CPEC TO MEET IN BEIJING ON 20TH

BEIJING: The 8th meeting of Joint Coordination Committee (JCC) on China -Pakistan Economic Corridor (CPEC) will be held here on Thursday. The JCC is most important official forum for undertaking CPEC’s relating projects and issues through mutual consultation with consensus.

It is expected to sign a framework agreement on industrial cooperation to pave the way for development of special economic zones (SEZs). Under the framework, Chinese and Pakistani investors will be encouraged to relocate their industries, promoting business in SEZs, officials said here on Saturday.

Pakistani side will be led by the Federal Minister for Planning and Development Makhdum Khusro Bhaktiar. It may include all the four provincial chief ministers, prime minister of Azad Jammu and Kashmir and chief executive of Gilgit-Baltistan.

According to the sources, Pakistan has decided to place several key projects before the JCC during its upcoming meeting. These projects include \$2 billion Karachi Circular Railway (KCR), socio-economic development projects from all provinces and Gwadar infrastructure projects.

Earlier, in the 7th meeting JCC was held in Islamabad that had reviewed and approved the various development projects under the CPEC.—INP

<https://epaper.brecorder.com/2018/12/16/11-page/754221-news.html>

NEWS COVERAGE PERIOD FROM DECEMBER 3RD TO DECEMBER 9TH 2018

WESTERN ROUTE NOT PART OF CPEC, SAYS BAP LEADER

The Newspaper’s Staff Correspondent Updated December 07, 2018

QUETTA: Ruling Balochistan Awami Party (BAP) founder Saeed Ahmed Hashmi has said that federal Minister for Planning Khusro Bakhtiar has confirmed that western route is not part of the China-Pakistan Economic Corridor (CPEC).

“The apprehensions of the people and political forces of Balochistan have proved to be true after the federal minister’s statement,” Mr Hashmi said while talking to journalists here on Wednesday.

He said if the planning minister's statement was true then it would be a big injustice with the people of Balochistan.

Mr Hashmi criticised the PML-N government for deceiving the people of the province and said that deposed prime minister Nawaz Sharif had taken Mehmood Khan Achakzai, Maulana Fazlur Rehman and other leaders to Zhob and told them that he had inaugurated the construction of western route at Mughal Kot.

He said the people and the government of Balochistan had no knowledge about the development projects included in the CPEC.

“Despite passage of about five years the people of the province have witnessed no development project initiated under the CPEC,” Mr Hashmi said, adding nobody knew about the share of Balochistan in the \$62 billion project.

He said the CPEC was the last chance to bring prosperity to Balochistan.

The BAP leader urged Prime Minister Imran Khan to take steps to satisfy the people of Balochistan in this regard.

Published in Dawn, December 7th, 2018

<https://www.dawn.com/news/1449949/western-route-not-part-of-cpec-says-bap-leader>

JOINT COMMITTEE ON CPEC TO INK INDUSTRIAL FRAMEWORK AGREEMENT ON DEC 20

Khaleeq Kiani Updated December 08, 2018

ISLAMABAD: The Joint Coordination Committee (JCC) of the China-Pakistan Economic Corridor (CPEC) will meet on December 20 in Beijing to sign a framework agreement on industrial cooperation and pave the way for development of special economic zones starting with Rashakai in Khyber Pakhtunkhwa.

According to an official announcement, the Cabinet Committee on CPEC met on Friday and gave the go-ahead to sign industrial cooperation framework with China and encourage Chinese investors to relocate their industries. The meeting was chaired by Federal Minister for Planning, Development and Reform, Makhdum Khusro Bakhtyar.

An official said a final version of the framework agreement on industrial cooperation had been shared with the Chinese side. He said all the four provincial chief ministers, prime minister of Azad Jammu and Kashmir and chief executive of Gilgit-Baltistan would be part of the Pakistani delegation. The Pakistani side will attend the 8th JCC led by federal planning minister.

The committee also issued instructions to relevant agencies to finalise a schedule for the groundbreaking of Rashakai Economic Zone at the earliest by removing all bottlenecks. The KP government has already entered into an agreement with the China Road and Bridge Corporation (CRBC) for the development of Rashakai Industrial Zone in two years. The two sides, he said, would

formally launch the Rashakai development project under which the Chinese firm would simultaneously launch a marketing campaign to attract investors.

The sources said the two sides are also expected to announce the financial close of \$1.8 billion Lahore-Matiari Transmission Line and a Thar coal-based power project during the JCC meeting. The government had allowed in April this year an extension of 6-7 months in the deadline for financial close of these projects i.e. until Dec 1, 2018 which meant the projects would be required to achieve commercial operations by March 2021 instead of previous deadline of Aug 1, 2020.

Responding to a question, sources said the two sides have not yet finalised the financing plan for the \$8.bn Karachi-Torkham Main Railway Line (ML-1) and were still in the process of discussions on involvement of a third party investor in the project.

“The committee discussed Transport Infrastructure Projects in detail including provincial as well as mass transit projects and instructed for developing a roadmap for Pakistan’s Railway Mainline-1,” the statement said.

The conveners of the Joint Working Groups on Energy, Infrastructure, Gwadar, Planning and Industrial Cooperation briefed the committee about the agenda of the forthcoming 8th JCC which was approved by Cabinet Committee on CPEC.

The committee expressed satisfaction over inviting all provincial chief ministers to participate in the JCC that would enable them to market their own industrial zones as well as negotiate their projects particularly new initiatives in the socio-economic development sector.

The meeting advised relevant agencies and provinces to identify pilot projects to be shared with the Chinese side so as to take advantage of the expanded base of CPEC to socio-economic development and agriculture sector.

The committee reviewed the progress on Gwadar projects. Completion of all codal formalities was directed for groundbreaking of Gwadar New Airport, Vocational Institute, Hospital, and 300 MW Power Plant not later than the first quarter of 2019.

It was decided to seek finances from China for the KKH Thakot-Raikot (remaining portion) and upgradation of Dera Ismail Khan-Zhob (Phase-1) project on the Western Route.

Mr Bakhtyar said the projects on the Western Route were a priority of the government that would open and ensure uplift of less developed areas of Khyber Pakhtunkhwa and Balochistan.

The Cabinet Committee on CPEC reviewed progress on energy projects and instructed for encouraging investment in Thar Coal and renewable projects in the future.

Published in Dawn, December 8th, 2018

<https://www.dawn.com/news/1450137/joint-committee-on-cpec-to-ink-industrial-framework-agreement-on-dec-20>

SECTION 28A OF KP PPP ACT: AMENDMENT TO CAUSE ADVERSE IMPACT ON CPEC:
CCP
SOHAIL SARFRAZ | DEC 8TH, 2018 | ISLAMABAD

The Competition Commission of Pakistan (CCP) has declared that the amendment made by the government of Khyber Pakhtunkhwa (GoKP) in its Public Private Partnership Act, allowing KP Government to directly award contracts in certain ‘unjustified’ cases for projects under the Public Private Partnership (PPP) mode, would have an adverse impact on the China Pakistan Economic Corridor (CPEC).

In this regard, the CCP issued the policy note to the GoKP here on Friday that the CPEC projects would not be given a level playing field in KP as a consequence of the said amendment.

The Amendment gives substantial exemptions to the KP government by allowing it direct award of contracts in certain ‘unjustified’ cases for projects undertaken by the GoKP under the Public Private Partnership (PPP) mode.

Owing to its anti-competitive nature, the Commission, through issuance of this policy note, recommends an amendment in Section 28A of the KP PPP Act, to create a level playing field in the said sector in the KP province.

The Commission has recommended that the Amendment may be repealed by the GoKP and a fair and competitive environment is reinstated in the relevant sector in the province of KP. Furthermore, this issue requires a prompt response from the GoKP to enable legitimate integration of the private sector in delivery of the forthcoming (high valued) projects under the CPEC umbrella based on the principles of fair competition without any further delay.

The CCP said that in the event of the China Pakistan Economic Corridor (the ‘CPEC’), these provisions have further elevated the magnitude of the adverse impact. It should be noted that CPEC has led to initiation of numerous high valued infrastructural and developmental projects in Pakistan, including KP, which would significantly impact the overall dynamics of this sector. Since CPEC projects are a result of agreements signed with the Chinese Government, the Amendment has the ability to make the market further anti-competitive. As the Amendment allows direct award of contracts in case of projects arising out of international agreements such as the CPEC Agreement, this clause can be misused without difficulty. As a result, the high valued projects initiated under the CPEC umbrella can be directly awarded to firms favored by the Contracting Authorities and consequently due to the disruption in level playing field competition shall be hampered.

In this reference, it is imperative to note that the foundation of the KP PPP Act is based on adopting evolving strategies to cater for the increasing demand of infrastructural and developmental projects in the country so that sustainable social and economic development may be guaranteed. Whereby the KP PPP Act was enacted to facilitate this objective by encouraging participation of the private sector in public sector projects. This was done to lower fiscal burden on limited resources of the Government and to simultaneously strengthen and enhance the capacity of the private sector in the relevant market. Whereas the Amendment defeats the basic purpose of the said Act.

The CCP has observed that the amendment made by the GoKP in Section 28 of the Khyber Pakhtunkhwa Public Private Partnership Act, 2014 (the ‘KP PPP Act’), i.e., Section 28A (the

‘Amendment’) on April 14, 2017, raised serious competition concerns in the province of Khyber Pakhtunkhwa (the ‘KP’) with reference to award of infrastructural and developmental project contracts.

This policy note aims to establish whether the Amendment, by allowing direct award of contracts in the abovementioned conditions to certain entities, disrupts the level playing field and gives an undue advantage to certain entities, which in principle hampers the competition within the relevant market of infrastructural and developmental projects sector in the in KP.

The demand for infrastructure and development projects is generated by the local, provincial and federal governments in accordance with their relevant development policies. Owing to the growing pressure on its budget, the Government of Pakistan has adopted an innovative approach to finance these projects. In pursuit of this strategy, the Government of Pakistan formulated the PPP policy framework in 2010 which was aimed at facilitating private investment in government initiated/owned projects. This policy, therefore, resulted in execution of public sector projects through PPP mode.

However, the 18th Amendment made to the Constitution empowered the provincial governments to execute and administer this policy at provincial level. Therefore, the KP PPP Act was promulgated by the GoKP in 2014, to provide for participation by the private sector in provision of public infrastructure projects and related services, aimed at social uplifting, in a nondiscriminatory, competitive and transparent manner.

Section 28 of the KP PPP Act sanctions direct award of contracts under certain circumstances, specified therein, to maintain flexibility in the said Act and allow for prompt responsiveness in a crisis situation. Nonetheless, the KP PPP Act through Section 29 also gives clear directions pertinent to the ensuing procedures in case Section 28 is evoked. Consequently, even in presence of CHAPTER V of the KP PPP Act, which gives flexibility to the said Act and is necessary to allow effective and appropriate responsiveness to a crisis, the process of competitive bidding is still upheld under regular circumstances as the said chapter comes into force only under clearly defined exceptional situations, which maintains a level playing field for the prospective participants, private as well as state owned entities, in the relevant market.

However, the clauses added to Section 28 of the KP PPP Act through the Amendment is capable of distorting the competition considerably. The competitive market environment is disrupted vide Section 28A(a) and (b) when the Contracting Authorities are granted exemptions from following the procedures laid down in CHAPTER IV of the KP PPP Act. These additional clauses authorize them to give preferential treatment to state (domestic and foreign) owned enterprises through direct award of contracts in PPP projects, thus, giving them an undue advantage over the private firms.

Furthermore, due to Section 28A(c), the competitors in the sector are further confronted with discrimination when such projects are being executed under agreements and/or commitments with foreign state(s) and person(s) or are funded by international donor institutions. In such cases, the Contracting Authority, once again, has the authority to award contracts to a Concessionaire (private or state owned/domestic or foreign) of its choice without the compulsion of following the process of competitive bidding.

Therefore, the Commission is of the view that the Amendment to the KP PPP Act is discriminatory in nature; creates significant barriers to entry for the private sector through Section 28A(a) and (b) of the

KP PPP Act; metes out unjustified advantage to favored firms of the Contracting Authorities vide Section 28A(c) of the KP PPP Act, and is highly anticompetitive in principle, CCP added.

<https://fp.brecorder.com/2018/12/20181208429386/>

CPEC BEING UNDERTAKEN ON PRIORITY: MINISTER

ISLAMABAD: State Minister for Communications and Postal Services Murad Saeed has said that the present government will realize China Pakistan Economic Corridor (CPEC) projects on priority basis.

Pak-China Friendship is higher than the Himalayas. Both the countries are bound in diplomatic, political social and economic relations spreading over decades which are constantly gaining strength with the passage of time.

China-Pakistan Economic Corridor has further strengthened this friendship, says a press release issued here on Friday.

He expressed these feelings while meeting with Chinese Ambassador to Pakistan Yao Jing at Ministry of Communications here on Friday.

Secretary Communications Shoaib Ahmad Siddiqui, Chairman NHA Jawwad Rafique Malik, Senior Joint Secretary Altaf Asghar and senior officials of Ministry of Communications and National Highway Authority were also present there.

Murad Saeed further stated that present government is under taking pragmatic measures to boost economy of the country. CPEC is the outcome of Pak-China friendly relations. He said that the government of Pakistan is fully committed to the development of this economic corridor.

The CPEC is a symbol of Pakistan and China's time tested economic and strategic partnership. This project promises opportunities for the people of Pakistan and the entire region as well.

Chinese Ambassador Yao Jing said that Chinese government would continue its efforts to bring more investment in Pakistan. He desired to further expand the range of economic cooperation between China and Pakistan.—PR

<https://epaper.brecorder.com/2018/12/08/2-page/752931-news.html>

CPEC SIZE TO STAY AT \$50 BILLION FOR NOW

By Shahbaz Rana

Published: December 8, 2018

ISLAMABAD: Size of the China-Pakistan Economic Corridor (CPEC) will remain unchanged at \$50 billion, for now, as both the countries have decided to consolidate the already approved projects amid a hope to also achieve the financial close of \$1.7 billion transmission line project.

A meeting of the Joint Cooperation Committee (JCC) of the CPEC will take place on December 20 in Beijing, said the Ministry of Planning on Friday. Unlike Lahore-Matiari transmission line project that

may reach the next level, the stalemate will continue on \$8.2 billion mainline-I project of Pakistan Railways.

The Cabinet Committee on CPEC on Friday approved agenda for the 8th JCC meeting, the highest decision-making body of CPEC. The committee also approved composition of Pakistani delegation and fixed date of the meeting (December 20), according to a handout issued by the Planning Ministry.

Federal Minister for Planning and Development Khusro Bakhtiar chaired the meeting.

The committee reviewed progress on Pakistan-China industrial cooperation and called for a special focus on promotion of this sector. The cabinet body gave the nod to signing of industrial cooperation framework with China and to encourage Chinese investors to relocate their industries.

The committee instructed authorities to finalise a schedule for the groundbreaking of Rashakai Economic Zone at the earliest by removing all bottlenecks.

All provincial chief ministers have been invited to participate in the JCC that would enable them to market their own industrial zones as well as negotiate their projects particularly new initiatives in the socio-economic development sector, said the Planning Ministry.

CPEC – a pilot project of Belt and Road Initiative –had been launched four years ago with an initial size of the \$46 billion. Over a period, the size grew to \$50 billion, although the actual projects that have reached construction stage are \$19 billion, according to Chinese estimates.

Now, both the countries have decided to consolidate the earlier approved projects first, as most of them are already falling behind the scheduled timelines, said the Planning Ministry officials. The completion period for the early harvest projects was December 2018.

The Planning Ministry officials said the agreement for financial close of the Lahore-Matiari project could be signed during the 8th JCC. The transmission line project is facing a three-year delay.

The last Pakistan Muslim League-Nawaz (PML-N) government had given seven-month extension to the Chinese company for the start of construction work on the \$1.7-billion scheme. But this deadline also lapsed on December 1.

During Chinese President Xi Jinping's visit to Pakistan, it was decided that the project would be operational by Sept 2017 while its financial close had been scheduled for Dec 2015. The project is aimed at evacuating 4,000 megawatts of power from coal based plants located at Thar, Port Qasim and Hub.

But no breakthrough was expected on the \$8.2-billion mainline (ML-I) project of Pakistan Railways. The officials said despite repeated deadlines the technical design of the mega scheme is not finalised yet that will further delay the scheme.

Only after completion of the technical design, Prime Minister Imran Khan will take a decision on the financing model of the scheme. The project's initial cost of \$8.2 billion was based on a joint feasibility study, which was not backed by a technical design study.

Pakistan had launched CPEC four years ago without doing a proper homework. Against earlier expectations to add at least two hydro projects in the CPEC portfolio, no new energy project will be added this time, said the officials.

The cabinet committee decided to seek finances for KKH Thakot-Raikot project and upgrading of DI Khan-Zhob (Phase-1) project of the western route. Both schemes are also falling behind the schedule.

Bakhtiar said the projects on the western route are a priority of the government as they would open and ensure uplift of less developed areas of Khyber Pakhtunkhwa and Baluchistan.

The conveners of the Joint Working Groups on Energy, Infrastructure, Gwadar, Planning and Industrial Cooperation briefed the committee about the agenda of the forthcoming 8th JCC Meeting.

It is also expected that the date for groundbreaking ceremony of the much-delayed New Gwadar International Airport will be finalised during the JCC meeting. This project too is falling behind the schedule.

The committee reviewed progress on Gwadar projects and instructed authorities to complete all codal formalities for the early groundbreaking of Gwadar New Airport, Vocational Institute, hospital and 300 MW power plant not later the 1st quarter of 2019, said the official handout.

Bakhtiar said the present government has expanded base of CPEC by including socio-economic development and agriculture sector. The committee advised authorities to identify pilot projects in these sectors in consultation with the provinces and take up with the Chinese side. The committee discussed Transport Infrastructure Projects in detail including provincial as well as mass transit project.

<https://tribune.com.pk/story/1862485/2-cpec-size-stay-50-billion-now/>

CM TO TAKE UP MEGA PROJECTS AT JCC MEETING IN BEIJING By Our Correspondent

Published: December 8, 2018

KARACHI: Sindh Chief Minister (CM) Syed Murad Ali Shah said that Karachi Circular Railways (KCR) is an important project which the Sindh government wants to give citizens as a gift. "This \$1.97 billion 43.24 kilometre KCR project will not only resolve traffic issues in the city but will also lift the overall image of the city in terms of urban transport facilities," he said while presiding over a preparatory meeting for the Joint Cooperation Committee (JCC) on China-Pakistan Economic Corridor (CPEC) which will be held in Beijing this month.

The CM said that he will take up important projects like KCR, Keti bunder, Dhabeji Economic Zone, River lining, desalination plant for Karachi at the JCC meeting. The preparatory meeting was attended by Sindh Agriculture Minister Ismail Rahoo, Sindh Energy Minister Imtiaz Ahmed Shaikh, Sindh Transport Minister Awais Shah, Planning and Development Chairperson Mohammad Waseem, Principal Secretary to CM Sohail Rajput, Azeem Uqaili of Sindh Board of Investment and other concerned secretaries.

Shah added that the three projects approved in the 6th JCC meeting held on December 29, 2016 will also be taken up again. Most of their required formalities have been completed.

Talking about Dhabeji Special Economic Zone project, the CM said that it was being established on 1,530 acres. The zone is located at an important site; it is connected with the National Highway and is near the Motorway. This project will cost around Rs43b.

Waseem told the CM that paper work was being done on the Keti Bunder project. A jetty would be constructed in the first phase which will be used for coal export and in the second phase the place would be upgraded as a full-fledged seaport. The port would have approaching roads towards National Highway and Motorway.

Shah said that he has also worked out other projects which include agriculture project, environment project, desalination project for Karachi and “we may request for river lining from Guddu to Sukkur”.

The CM said that China has made tremendous progress in the agriculture sector. “We want to benefit from their research and practical work,” he said, adding that the agriculture project will include changing crop patterns, introduction of low delta and high yielding crops and mechanisation of the entire agricultural system.

With reference to the environment project, the CM said that he would make the entire province ‘Green Sindh’ and millions of trees will be planted and looked after. “I’ll start tree plantation right from Thar to Kinjhar and from Karachi to Kashmore,” he said while adding that this would be done scientifically.

Shah said that people were talking about climate change but practical measures are needed. “We will take tangible measures to improve overall environment under the guidance of Paris agreement.”

He said that he has worked out a plan under which River lining from Guddu Barrage to Sukkur Barrage will be carried out. “I have started consultations with water experts and all consultations will be finalised within the next 15 days so that this project, if feasible, can be tabled in the JCC meeting.”

According to the CM, the lining of a River belt from Guddu to Sukkur will not only be helpful in conservation of water but it will also mitigate the effects of water logging on the right and left banks of the river where thousands of acres of land is submerged. “This will also prevent the katcha area [river banks] from flooding,” he concluded.

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<https://tribune.com.pk/story/1862412/1-cm-take-mega-projects-jcc-meeting-beijing/>

NEWS COVERAGE PERIOD FROM NOVEMBER 26TH TO DECEMBER 2ND 2018
ATTEMPTING TO FINE-TUNE THE CPEC STRATEGY
Jawaid Bokhari Updated November 26, 2018

WITH its reservations over project priorities, the newly elected government decided to review the country’s CPEC strategy and launch an action plan within its first 100 days to transform the project into ‘a real game changer’ for Pakistan.

In its view Pakistan was not fully benefiting from CPEC-related investments due to insufficient transfer of knowledge and capabilities, lesser partnerships with local businesses and high dependence on imports of goods and services from China.

The PTI manifesto had pledged to: ‘Create a two-way linkage with China and promote an indigenous-focused growth strategy and leverage trade infrastructure, and utilise Chinese expertise, latest technologies and efficient methods to supplement domestic manufacturing capabilities and enhance yield in agriculture.’

It also promised to: ‘Promote local value addition through joint ventures and value added exports, facilitate the integration of Pakistani manufactures with the global value chain, and ensure that Pakistani businessmen are fully involved in CPEC policy and project implementation.’

The joint statement and the continuing dialogue do not indicate a shift in CPEC strategy

A nine-member committee was set up to suggest ways to create space for the PTI agenda in the CPEC programme with marked preference for social and human resource development, investment, uplift of agriculture, industrial parks and export-oriented industrialisation.

Prime Minister Imran Khan was keen to expedite the stipulated programme scheduled for the second phase of the CPEC.

The minister for planning and economic reforms instructed the relevant authorities to fast track the process of establishing Special Economic Zones so as to achieve groundbreaking within three months.

Nine such CPEC zones are to be set across the country to attract foreign industrial investment.

Board of Investment Chairman Haroon Sharif says Pakistan will have to develop an ‘island’(s) on the pattern of Dubai International Financial Centre where the country’s laws do not apply.

“We have to insulate foreign investors from the jurisdiction of state institutions, courts and laws to give them a ‘sense of security’ in order to attract foreign direct investment,” he said.

Thus Prime Minister Khan went to China with a heavy agenda, the centrepiece of which was an integrated trade, investment and financial package.

Prime Minister Imran Khan was keen to expedite the stipulated programme scheduled for the second phase of the CPEC

The hope was that Chinese aid could help Islamabad reduce the size of the International Monetary Fund (IMF) bailout and enhance the possibility of minimising the Fund’s conditions related to the stabilisation programme.

But, apart from a stipulated doubling of Pakistan’s exports to China with in the near-term, the package is still under discussion with no timelines set for the negotiations.

While expressing in a joint statement their satisfaction with the ‘operationalisation of the currency swap arrangements’, both sides agreed to ‘strengthen cooperative ties in financial and banking sectors’.

The currency arrangement has yet to make any meaningful dent in bilateral trade which continues to be conducted mainly in dollars, and Beijing has supported Pakistan’s move to access the IMF credit facility to resolve its unfavourable balance of payments problem.

While the prime minister’s visit has been billed as a success by both sides — given the stipulated widening of bilateral economic cooperation — it is difficult to speculate about the outcome of continuing opaque bilateral discussions on specifics.

The joint statement appears more to be an expression of vision and mission about a strategic partnership and shaping of common destiny without any deviation from the CPEC course already set.

Thus, following the premier’s visit, some analysts are of the view that Pakistan’s expectations from China should be realistic, based on an understanding of CPEC’s status and role in Chinese President Xi Jinping’s Belt and Road initiative (BRI).

After all, to quote an expert with intimate knowledge, “CPEC is a mere cog in a giant wheel” as CPEC projects have the potential to feed into the larger BRI structure embracing 60 countries located in different continents.

The view has found support in the joint statement in which leaders: ‘Affirmed their complete consensus on the future CPEC trajectory’ and ‘agreed to protect all (CPEC) projects from all threats.’

Since CPEC’s original guidelines and principles have laid down four priorities: Gwadar port, energy, transport infrastructure and industrial cooperation. This means infrastructure projects cannot simply be wished away.

And non-commercial projects on social and economic development are also part of the original CPEC programme, although Mr Khan did succeed in getting a part of the PTI agenda included in the joint statement for early initiation and implementation.

Both countries agreed to set up a working group on socio-economic development and China has agreed to support Pakistan in establishing poverty alleviation demonstration projects.

But the joint statement and the continuing dialogue do not indicate a shift in CPEC strategy.

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<https://www.dawn.com/news/1447575/attempting-to-fine-tune-the-cpec-strategy>

100-DAY PLAN: NO INITIATIVE YET TO PROMOTE CONSTRUCTION OF WESTERN ROUTE UNDER CPEC

NAVEED BUTT | NOV 29TH, 2018 | ISLAMABAD

Pakistan Tehreek-e-Insaf (PTI) government has yet to take any initiative to promote construction of the Western Route under China Pakistan Economic Corridor (CPEC) during its first 100 days. While in opposition Imran Khan had consistently urged the PML-N government to construct the Western Route on priority basis as that would enable “the people of Balochistan to reunite with the rest of the country, and all the separatist movements would automatically come to an end.”

Documents available with Business Recorder on the performance of Ministry of Planning, Development and Reforms during the first 100 days of the Imran Khan’s administration note that: “CPEC vision has been refined with the slogan ‘One corridor, Many doors’, based on the present government’s priorities, growth strategy and fiscal situation. These include (i) Trade and Market Access, (ii) Industrial Development and Global Value Chain, (iii) Socio-Economic Development and Poverty Alleviation, (iv) Agriculture Modernization and Marketing, (v) Gwadar Oil City and Blue Economy and (vi) Regional Connectivity and Third Country Participation.

Project Director CPEC Hassan Daud Butt told Business Recorder that “we will take up the project of construction of Dera Ismail Khan-Zhob Road of Western Route in eighth meeting of Joint Coordination Committee (JCC) of CPEC to be held in Beijing on December 19, 2018.” He said that projects relating to Western Route would be initiated in new Joint Working Group on Socio-Economic Development.

Butt further stated that the PTI government did not change or drop any CPEC project but that two new working groups – on Socio-Economic Development and Agriculture Cooperation – had been constituted. He said new projects on socio-economic development especially relating to Gwadar City would be added under CPEC.

Senator Muhammad Usman Khan Kakar who had raised the issue of Western Route many times in the Upper House of Parliament and standing committees told Business Recorder that the previous government had budgeted Rs 5 billion in PSDP-2017-18 but the PTI government slashed that amount in the supplementary budget 2018-19.

Usman Kakar said he raised the issue of Western Route (Dera Ismail Khan-Zoob-Quetta and Sharab) in the Senate and relevant Standing Committees of the House but PTI government has not taken any initiative in this regard.

The PTI government rationalized PSDP 2018-19 from Rs 800 billion to Rs 675 billion and deleted as many as 343 un-approved projects and reduced throw forward by Rs 1887 billion.

The Ministry of Planning, Development and Reforms claims to have taken the following measures during the first 100 days:

- 1) It has finalized National Action Plan and Investment prospect for Sustainable Energy for All. Concept paper on Bright Balochistan off-grid solar PV project has been prepared and circulated among the stakeholders and IFIs/donor agencies to mobilize them and consultation is underway for design/preparation of PC-II.
- 2) A holistic and integrated water sources management plan has been drafted and flood sector plan has been initiated. Gwadar Water Stress Management plan has been drafted and Karachi City holistic water management plan has been drafted.

- 3) An assessment of the rural economy including farm and non-farm sector has been made. Strategy paper on enhancement of decent employment opportunities in rural areas has been developed in collaboration with ILO. A concept paper on “Rural Revitalization” for donors funding in collaboration with IFPRI has been prepared.
- 4) It has become a partner in a regional study for sharing rural transformation experiences with Indonesia, Bangladesh & China supported by Australian Government.
- 5) An Action Plan to implement Pakistan Multi-Sectoral Nutrition Strategy (PMNS 2018) has been formulated.
- 6) National Social Protection Framework has been drafted.
- 7) Planning Commission has initiated a process to access and examine the status of Civil Registration and Vital Statistics (CRVS) in Pakistan – this assessment will help to map and identify the missing links in the system (expected date of completion is end Nov/ early December 2018).
- 8) A policy paper on “Contraception as Women and Child Health Intervention” has been prepared which suggests institutional reforms in health and population departments.
- 9) Regional Summit on Civil Registration and Vital Statistics has been planned this month at Islamabad that will provide opportunity to share experiences of SAARC countries and further collaboration.
- 10) Voluntary National Review (VNR) of SDGs has been initiated. VNR will help review the national and provincial policies, institutionalize mechanism and enhance level of involvement at all levels.
- 11) It has actively contributed to the Task Forces on “Civil Service Reforms” and “Institutional Reforms and Austerity”. Key contributions are:

Policy Papers on Civil Service Reforms i.e. induction, promotion, training, performance evaluation, pay and pension etc. Guidelines on Five Step Reform cycle, Citizen Client Charter, Performance Contract guidelines/ specimen model, presentation on Public Sector Financial management, training of building capacity to Use Research Evidence (BCURE) module to National Management Course and Senior Management Course, Mid Career Management Course participants, Master Training of the National School of Public Policy (NSPP) Faculty Members on BCURE.

The following actions are targeted for completion within the next six months by the Ministry of Planning, Development and Reforms:

- 1) A mapping of the present roads connectivity infrastructure is being conducted in consultation with NHA, FWO and NLC. To reduce burden/pressure on the PSDP, major roads/highways would be financed through innovative methods i.e. BOT, PPP, viability gap financing.
- 2) A feasibility study is being conducted to prepare a national framework for civilian spin offs from the defence and strategic R&D initiatives. Both the civilian as well as the defence sectors would benefit from this win-win cooperation.

3) Innovative Financing Strategy will be devised for '10 billion Tree Plantation Programme' and will be shared with Ministry of Climate Change for smooth implementation of the program.

4) An integrated power policy with increased focus on renewables on the generation side and evacuation and distribution through innovative financing would be developed in collaboration with Ministry of Power.

5) PSDP funded projects in the devolved sectors will be handed over to the provinces in the spirit of 18th amendment.

6) A Family Planning and Gender Empowerment unit will be established at the Ministry to provide technical support to the Population Task Force for providing leadership on the issues of population control and gender empowerment.

7) 12th Five-Year Plan (2018-23) will be finalised in the light of vision of the current government and then submitted to the cabinet for approval. The plan will include inter alia: macro-economic interventions; poverty alleviation strategy; employment generation strategy; plan for agriculture sector growth; and plan for socio-economic development;

8) 21 ongoing projects of the Ministry will be reviewed and rationalized in line with Government Vision.

9) Transformation plan based on Agriculture Cluster Development will be prepared and finalised.

10) Joint Coordination Committee (JCC) of CPEC is being planned for the next month so as move from short term projects to a long term perspective and to implement current Government vision in CPEC in terms of industrial cooperation, agriculture and socio-economic development.

11) Task force on Public Infrastructure Investment Optimization with special reference to mega projects would be constituted to identify issues and suggest policy measures to avoid cost and time overruns and to ensure transparency and efficiency.

12) A strategy for the design of next year's PSDP will be finalised well before the budget with focus on the priority sectors and innovative financing models for projects like Diamer Bhasha and Mohmand Dams etc.

13) The monitoring and evaluation mechanism of the PSDP projects would be improved with the use of ICT and a dashboard of all ongoing projects with their latest status would be made available to the policy makers.

14) Upgradation and implementation of Water Policy including improved water management, water metering, water pricing and conservation in consultation with the provincial governments.

<https://fp.brecorder.com/2018/11/20181129427223/>