

China-Pakistan Economic Corridor: Potentials and Propsects



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The Strategic Vision Institute (SVI) organized a conference on “China-Pakistan Economic Corridor: Potentials and Prospects” on December 19, 2016 in Marriott Hotel Islamabad. The aim of this conference was to highlight the opportunities and the promised potentials of the economic corridor. A special effort was made to mitigate the ambiguities and misgivings surrounding this project. The conference also aimed at evaluating the impact of CPEC on global as well as regional politics and responsibilities of Pakistan as a key player in the region.

Session I - Inaugural

The conference started off with the recitation from Holy Quran followed by a comprehensive Introduction of the SVI, presented by Ms. Asma Khalid (Research Associate SVI). She gave a quick overview of the aims, objectives, functions and various academic activities of the SVI since 2013. This was followed by a welcome address by Dr. Zafar Iqbal Cheema, President/Executive Director SVI. He warmly welcomed every one and thanked the honorable Chief Guest Senator Mushahid Hussain Syed (Chairman CPEC Parliamentary Committee). The conference was attended by the academia, scholars, diplomats, policy making civil and military establishment, as well as students from the field of Strategic Studies and International Politics.



Dr. Cheema stated that China-Pakistan Economic Corridor is now a “Game Changer” not only for South Asia but for South West Asia, Central Asia, Caspian and the larger region of SCO. This initiative carries profound impact for regional politics, economy, development and infrastructure that is likely to take place in the future. This is a phenomenal milestone that has been achieved since the creation of Pakistan. Being the project of “connectivity” it has regional as well as global implications. He further said that, it is extremely beneficial to Pakistan and equally favorable for China as well although, Pakistan is going to be the great beneficiary of CPEC, a program which has been primarily supported, assisted and financed by the Peoples Republic of China. It provides a link between Western regions of China’s Xinjiang Province and the Gwadar Port that lies in the Makran region of Pakistan. This corridor will facilitate economic development, Infrastructure, communication and all other kinds of transport between Pakistan and the Peoples Republic of China. He further added that China and Pakistan enjoy a peculiar

geographical advantage where Pakistan provides direct links to Central Asia and Middle East. So, CPEC shouldn't be looked at as an economic linkage just for China and Pakistan but as part of China's overall development strategy i.e. "One Belt One Road" (OBOR) which links various regions of the world. Hence CPEC will be instrumental in the development and political integration of these regions.

Chief Guest Address

Senator Mushahid Hussain Syed (Chairman CPEC Parliamentary Committee) applauded Chairperson SVI, Mr. Ross Masood Husain and President/Executive Director SVI, Dr. Zafar Iqbal Cheema for inviting him as a Chief Guest for the occasion. He opined that it was the mission of founding father which is being realized today in the shape of China-Pakistan Economic Corridor, which is the center piece of not only Pakistan's economic revival, economic development and economic connectivity but will give Pakistan a prominent place in Asia and the world.



He stated that the CPEC is a vote of confidence in the future of Pakistan given by its best friend China. Pakistan was supported by China at a time when neither any Muslim country nor any Western country came forward to help. In this situation China's vote of confidence for Pakistan means a lot and further strengthens the bilateral friendship. He further elaborated that the CPEC is part of China's One Belt One Road projected initiated by President of Peoples Republic of China Xi Jinping in 2013. It aims for the revival of ancient Silk Route, which is primarily the land route. Maritime Silk Route is the sea route, which covers approximately 65 countries of Asia, Africa, Middle East and European Countries. Gwadar port owing to its unique capability gains an immense significance in this regard. If CPEC is the pivot and flagship of One Belt One Road then Gwadar is the center piece of China-Pakistan Economic Corridor.

Regarding regional connectivity, he expressed that it is not just about South Asia but about greater South Asia where Gwadar is the "port of connectivity". He further added that today the future of region is not SAARC rather it is Shanghai Cooperation Organization (SCO) where a new world is opening for Pakistan. In his concluding remarks; he stated that the geostrategic significance of Pakistan has transformed into geo-economic advantage wherein both China and Pakistan are working together for the elimination of threats and management of security risks.

He suggested that there is a need to identify and recognize the enemy within and to work together to succeed and quash the falsehood and rumor mongers with the spirit of national responsibility.

Key Note Speaker



The key note speaker Mr. Hassan Daud Butt, (Deputy Director CPEC at Ministry of Planning, Development and Reforms), provided details of CPEC projects. He said that China- Pakistan friendship is based on shared principles and mutual interest. In this regard CPEC is one of the biggest achievements of both nations. This US \$ 46 billion investment has major focus on energy, infrastructure, development, trade and industrial cooperation. The Chinese President Xi Jinping during his visit to Pakistan in 2013 signed a total of 51 agreements. This massive Chinese investment has exceeded all the other foreign investments that Pakistan ever received in the past. Mr. Butt further said that the CPEC is China's strategic driven interest that is the extension of President Xi Jinping's vision of integrated region and revival of old Silk Route. It highlights deepening policy coordination among countries and regions and aims at extending and improving infrastructure, connectivity, transportation and energy across the region while fostering trade and investment flow and enhancing people to people connectivity.

While giving the details of various projects under the ambit of CPEC and their expected date of completion he shared that the projects will be completed in four phases. First phase is the Early Harvest scheme that aims for the projects to be completed in year 2016. Second phase contains Short-term projects expected to be completed by year 2018. The third phase has Midterm projects with completion date for around year 2020. Finally the Fourth phase has long term projects expected to be completed by year 2030. He further shared that three routes that have been planned after active consultation with Chinese counterparts are: the Eastern alignment, the Western alignment and the Central alignment. Since the signing of MOUs five meetings have been held along with other subsidiary visits and meetings. Moreover long term plans are in final stage of approval. He added that the industrial development has been flagged as one of the main pillars that would get benefit from CPEC. Special Economic zones and Industrial zones will be created in agreed areas along the corridor as part of the CPEC.

Transport and infrastructure is another area of CPEC. It comprises of rail links from Kashgar to Gwadar and KKH phase II from Thakot to Havelian. Similarly construction work on these mega projects has commenced and is expected to be completed in year 2018. Karachi-Peshawar Motorway which includes Multan-Sukkur section is also part of this project. .

He added that today a large workforce of soldiers, engineers, professionals and scholars are engaged in early harvest projects of energy and transport infrastructure. The sail of first Cargo ship from Gwadar on 30th November has heralded the beginning of new era for Pakistan that will become a hub of global connectivity. The provision of basic infrastructure in Gwadar including water and electricity are in progress. Work on Gwadar East Expressway and Gwadar International Airport are planned to commence in next few months. Thus these projects in Baluchistan will bring the entire region into the path of prosperity and development and will ensure a bright future for the locals.

He opined that all the efforts under CPEC are aimed at Pakistan's economic growth including new jobs in the fields of energy security, modern transport infrastructure, industrial growth and supply chain and in human resource.

In his final remarks he said that Pakistan has been able to harness its geostrategic significance into geo-economic advantage through CPEC. He expressed his satisfaction and assured that Pakistan will be the hub of regional connectivity, peace and prosperity owing to the CPEC.

Session II

The session was chaired by Dr. Zafar Iqbal Cheema (President/Executive Director SVI). The panel of speakers included Mr. Zhao Lijian (Acting Ambassador of Peoples Republic of China to Pakistan), Ms. Sadia Kazmi (Director Academics, Policy and Program/Senior Research Associate SVI), Dr. Aqab Malik Assistant Professor Department of Strategic Studies at National Defence University), and Dr. Aftab Kazi (Senior fellow Central-Asia Caucasus Institute and Silk Road Studies Program at SAIS John Hopkins University, Washington DC (Currently based in Islamabad).

The first speaker of the session Mr. Zhao Lijian (Acting Ambassador of Peoples Republic of China to Pakistan) thanked Dr. Zafar Iqbal Cheema (President/Executive Director SVI) and gave a detailed overview of the progress on CPEC. According to him the work is in progress on two big projects: M5-Motorway from Peshawar to Karachi and its second section from Multan to Sukkur worth US 2.8 billion dollars. Second important project is KKH phase II Motorway



worth US 1.3 billion dollars. He stated that these initiatives will greatly reduce the physical distance and enhance the connectivity by half and anticipated the completion of these projects by the year 2018.

He further stated that a number of plans for the construction of Hydro Power stations, Coal based stations, Wind stations and Solar Power stations across Pakistan are also in the pipeline. China is well equipped to undertake all these projects. Through these projects Pakistan will be self-sufficient in energy sector. Regarding environmental concerns, he told that all the environmental requirements have been completed according to the World Bank standards. In addition to this, work is going on at the Gwadar port where the Chinese companies are also developing a 9 km long free zone including business sector, fisheries reprocessing plant and cold storage which will be a source of value addition for the fisherman and investors alike. He expressed that the Chinese companies are also interested in setting up of steel factory for which the contract will be signed soon. Moreover, China also plans to build an International Airport in Gwadar along with construction of an Expressway to send the Cargos and Containers to the Highway.

Under the banner of CPEC a 50 bed Hospital in Gwadar will be built along with a vocational training institute, where the local fishermen will be trained to put their skills to use and be more productive. Setting up of Industrial Parks and Industrial Corporations is also part of the plan. Finally he acknowledged that there are a lot of rumors and misgivings about CPEC doing the rounds; however, both China and Pakistan are adamant at making the project a success.



Amb (R) Akram Zaki complimented Dr. Cheema, for organizing a timely conference on China-Pakistan Economic Corridor: Potentials and Prospects. In his speech, he said that the idea of CPEC was initiated in 2013 but negotiations started with China even before that. The manifestation of which can now be seen in the form of China-Pakistan Economic Corridor. He added that when China was surrounded by great powers, their visionary leaders looked towards Pakistan which gave China the first air corridor. He praised China and said that it was one of the most important countries in 18th century. It has 5000 years of cultural history. With time China developed fast and today it is the second largest economy. He expressed that China will hopefully be the first largest economy soon.

Mr. Zaki mentioned that OBOR is a comprehensive concept of shared prosperity. Chinese dream is being fulfilled as an era of peace and friendship with all surrounding nations. Pakistan is fortunate to have developed excellent relationship with China wherein Pakistan provides immense opportunities to China for its OBOR initiative. Due to the policies of USA, there is a huge tension in South China Sea. China needs access to another sea and Gwadar provides that access. The decision to develop Gwadar was taken in early 1990s but later on its development was stopped. In 2001, Chinese Premier visited Pakistan and offered US \$ 2.5billion for the development of Gwadar, having a foresight about the possibility of connecting Gwadar with Karakorum highway.

He further added that the revival of Silk Route and Maritime Silk Route will ensue an era of peace, cooperation and friendship extending from Asia to Africa and Europe. This strategic projection will change the face of world. Just as the Internet has connected the world virtually, the world is going to be physically connected through OBOR and CPEC. He advised that Pakistan should be able to reap maximum benefit from CPEC. Finally he expressed his best wishes for China-Pakistan friendship and CPEC.

Second speaker of the session Ms. Sadia Kazmi, (Director Academics, Policy and Program/ Senior Research Associate SVI), stated that both China and Pakistan are looking to elevate their bilateral relationship to that of an all weather strategic partnership. In this regard the 1+4 economic



initiative serves as a good incentive. In this regard CPEC serves as the main engine. Pakistan by virtue of its strategic location, sitting at the crossroads of Central Asia, Middle East and because of its close proximity with Iran and Afghanistan is pivotal for China's One Belt One Road initiative. Through OBOR China seeks to have a bigger outreach and smooth flow of its economic commodities. On the other hand Pakistan also provides the biggest market for Chinese goods and has been the largest buyer of its defense equipment.

Talking about the bilateral relations, she opined that it is based on the ideal of mutual trust, understanding and reciprocity. Both states need each other for the furtherance of their social, political, and economic, and strategic interests. The Gwadar port which is the deep sea port holds a lot of significance being close to the Strait of Hormuz. Similarly Gwadar-Kashgar economic link provides network of roads and railways that will connect Central Asia through Afghanistan bringing peace and prosperity to all the countries which this route eventually passes through. Moreover CPEC is the project of friendship, cooperation, security and connectivity. China's ambitions are primarily being governed under the ideals of Corporate Social Responsibility (CSR) and that is why major consideration is being given to the development of hospitals, schools, development of vocational institutes and provision of clean water plants for the local population.

She stressed upon the fact that the main essence of CPEC lies in the socio-economic uplifting of the common people and all the stake holders. She further said that CPEC is the guarantor for regional security and political stability. However it is necessary to explore all the possible policy options and devise proper mechanisms in order to not only reap maximum benefits from this project but also to overcome the prevalent and probable obstacle in the implementation of CPEC.

Further elaborating on the various aspects of CPEC, she explained that it aims to build 3200 km long route. Regarding wealth distribution for each region, she shared that US \$ 7.1 billion is for Baluchistan, US \$ 6.9 billion is for Punjab, US \$ 11.5 billion is dedicated for Sindh while US \$ 11.6 billion will be spent in KPK. She further explained that sixteen projects are for Baluchistan, thirteen projects are for Sindh, eight projects are for KPK and twelve projects are for Punjab. Hence there is an equal share of resource distribution and projects for all the provinces. Similarly the construction of digital corridor has been initiated along the 800 km route between Rawalpindi and Khunjab. There is also a plan to construct vocational training institute

in different areas along the route. Construction of Gilgit-Baltistan Expressway is also in pipeline that will provide greater connectivity and help facilitate to the people of these areas. As part of Karamay Declaration, both China and Pakistan are cooperating in the field of space technology.

Ms. Kazmi opined that some of the benefits from CPEC have already started showing for Pakistan including: improvement of Pakistan's International profile, improvement in economic indicators, renewed commitment by the security agencies to root out terrorism, and also the fact that the massive investment and initiation of number of projects has opened new avenues of employment for the local populace and made the eradication of poverty a possibility. She pointed out that the CPEC also faces certain challenges such as apprehensions of local peoples about the intentions of the government, misgivings about the route, security challenges, lack of information, need for transparency and people to people contact, as well as threat from terrorist organizations.

In the end she suggested that strict measures should be taken to overcome internal and external threats to ensure the security of Pakistan, South Asia, and Middle East and for the smooth implementation of the CPEC.



Dr. Aqab Malik (Assistant Professor Department of Strategic Studies at National Defence University), mentioned that never before in history has a power raised so far, so fast and along many dimensions as China has risen today. He opined that China, India, Japan, Russia and the US will contest for economic power but today in the Modern World History, China's economic growth has given it a place of great power.

While talking about the impact of OBOR initiative, Dr. Malik said that there will be convergence of economic, political and civil-military relations. CPEC is a project of global connectivity, transport, communication, trade and commerce. Moreover building and connecting economic blocks, economic density, connectivity and interdependence are the key benefits of CPEC. The expected geo-economic benefits include: increase in trade and decrease in tariff. While talking about the global challenges he said that along with a severe economic competition between the US, Russia, China, India, Pakistan, Japan and EU countries, the challenges of climate change will also have to be faced and policies be prioritized accordingly.

While giving solutions of these challenges, he said that they can be addressed effectively through realization of mutual needs and interest, commitments to non interference and equality for all. Moreover, he established that the future of world lies in the global infrastructural connectivity, renewable energies, fusion energy, global water management, economic and political unification, space exploration, artificial intelligence, exponential technologies and genetic-Engineering. He further said that Baluchistan is the largest province rampant with ethnic challenges and vulnerable to security threats. China's economic vision for Pakistan aims at uniting the whole country. He hoped for the bright future of Pakistan.

The talks were followed by an interactive question answer session: Mr. Amir Ghouri Visiting Professor, National Defense University asked whether the KKH-Phase II project aims at reviving old Silk Route or is it a new alignment? Mr. Zhao Lijian replied that KKH-Phase II is a new alignment on which the construction work is in progress and it will soon be upgraded as part of early harvest project.

Mr. Zaki Khalid an Independent Scholar asked about the possible threat to CPEC from information warfare by the hostile elements? Mr. Zhao Lijian replied that there are certain elements that are continuously defacing the correct information available on the websites. The CPEC has intentionally been misinterpreted as China-Punjab Corridor and sometimes as the Corruption Corridor. So the threat is real but China is doing its best to provide the most accurate information and is taking timely counter measures. He said there would be complete transparency with regards to CPEC and all the false allegations will be addressed effectively. He further added that if anyone is actually concerned about getting the information on CPEC they can consult with Planning Commission.

Mr. Ilyas Khan, Student from International Islamic University Islamabad asked a question, what is the reason that despite being the main access point for the Corridor and why there hasn't been any development witnessed in Gilgit-Baltistan in connection with CEPC? Ms. Sadia Kazmi replied that it is impossible to ignore Gilgit-Baltistan region as it is the only point that connects all three routes to Kashghar. Both China and Pakistan are aware of this fact. This is why Gilgit-Baltistan Expressway is being constructed and the project is in the pipeline. This will not only reduce the distance but time also. Economic zones will also be developed there and the people of Gilgit-Baltistan will generate revenues through increased activities of trade and commerce.

Concluding session

In the end Mr. Ross Masood Husain, Chairperson SVI, congratulated the SVI for organizing a successful conference. He appreciated Senator Mushahid Hussain Syed for his informative and thought provoking Inaugural address. He also applauded all the speakers of the conference. He said that the speakers left a positive perception regarding China-Pakistan Economic Corridor. He elaborated that there is a misperception regarding CPEC which can be managed through perception building. In this regard he especially highlighted the efforts of Strategic Vision Institute. Further he said that the CPEC is now a reality and a bright future for Pakistan is waiting. However the dilemma is that the common public of Pakistan is still not fully aware of the realities about the CPEC. He expressed his hope by saying that if Pakistan continues to move forward with the present pace, there is no power that can stop its development. In the end he thanked the acting Chinese Ambassador of Peoples Republic of China to Pakistan Mr. Zhao Lijian for their cooperation and for initiating a new era of China-Pakistan friendship.



In the end, Dr. Zafar Iqbal Cheema, President/ Executive Director SVI, extended his thanks to all the speakers and audience for coming and participating in the conference.

Media Coverage:

Media covered the proceeding of conference on China-Pakistan Economic Corridor.

THE DAWN

<https://www.dawn.com/news/1303405/china-brushes-aside-anti-cpec-propaganda>

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<http://www.jassimtaqui.com/2016/12/cpec-potentials-and-prospects.html>