



**July 2017**

**A review of national, bilateral  
and regional dynamics**



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## Executive Summary

China termed the disqualification of former Prime Minister Nawaz Sharif by the Supreme Court as Pakistan's internal affair and hoped it would not affect the CPEC in any way. Amidst the recent political crisis, Pakistan's military and political leaders remained committed to CPEC, as suggested by their statements. For instance, the Chief of Army Staff urged to hold an open debate on all aspects of CPEC to make it transparent and vowed to make the project successful at any cost. Similarly, Pakistani as well as Chinese political leaders and diplomats emphasized the effective, timely execution of the CPEC projects, and the devolvement of the Special Economic Zone (SEZ); the businessmen and trade officials, in particular, underscored the need for development of industrial zones under the CPEC. Many highlighted the role of CPEC in uplifting road and railways infrastructure in Pakistan – railways authorities from both countries also discussed the up-gradation of ML-1 under the CPEC – as well as in increasing FDI inflows in the country and developing different sectors including energy.

In the fiscal year 2016-17, according to the State Bank of Pakistan (SBP) data, China was the biggest foreign investor in Pakistan with \$1.186b, which on the whole increased FDI inflows in Pakistan by 5 percent. The SBP also observed a 20 percent increase in Pakistan's imports in the fiscal

year 2017 under the CPEC. However, Moody's Investors Service said that though CPEC projects were boosting the GDP growth rate, it will intensify the current account deficit of Pakistan. The Islamabad Chamber of Small Traders (ICST) raised concern about the transparency of CPEC. At the same time, analysts observed that the \$2.1b Matiari-Lahore transmission line got the tax exemption by the Economic Coordination Committee which is unhealthy for the industrial growth and development of Pakistan.

Former prime minister Nawaz Sharif approved the setting up of a Special Protection Unit of 700 personnel for CPEC security in Gilgit-Baltistan. The government of Khyber Pakhtunkhwa (KP) has set reportedly aside Rs700 million for the secure execution of CPEC and earmarked one billion rupees for the establishment of a special force of 3,800 personnel to ensure the security of CPEC workers. At least 2 security incidents were reported in July, one each from Ghotki and Karachi in Sindh, injuring one Chinese national. Chief Minister Sindh Syed Murad Ali Shah urged the police department to set up jammers in the means of transport of Chinese workers under the CPEC so their security could be ensured.

No major CPEC-linked concern from Pakistan's different provinces and regions was raised during the month. Work on CPEC project that was once stopped by the protestors in Battagram district in KP province resumed after the government ensured the compensation to the affectees and reconstruction of damaged infrastructure along the CPEC route. Meanwhile, while bilateral cooperation between China and Pakistan in social, mainly educational, and cultural fields was positively highlighted – for instance, Pakistan National Council of the Arts in cooperation with the Cultural Section of the Chinese Embassy hosted the China Cultural

Heritage Week – some analysts were careful in their assessment of the sociocultural impact of the CPEC on Pakistani society.

The CPEC linked coal-fired power plant was inaugurated in Sahiwal. One out of total 27 trains for the Orange Line Metro in Lahore under the CPEC was expected to be received at the end of July while rest are likely to be delivered by the end of the year 2017 to the Punjab government. Sindh Engro Coal Mining Company (SECMC) executives confirmed the operationalization of Thar Coal power project under the CPEC in June 2019, little earlier than the specified time period.

To enhance the regional integration, Pakistan's former prime minister Nawaz Sharif offered Tajikistan to use Gwadar Port and other transportation infrastructure. The High Commissioner of Canada, Perry Calderwood stated in his address at the Rawalpindi Chamber of Commerce and Industry (RCCI) that Pakistan would develop regional linkages and enhanced integration under the CPEC. Similarly, EU Ambassador Jean Francois Cautain said the Technical and Vocational Education and Training (TVET) Reforms project funded by EU would help the execution of CPEC by providing required skills.

# A NATIONAL PERSPECTIVE ON CPEC

Politico-economic	The Source
<b>Statements</b>	
<p>President Lahore Chamber of Commerce &amp; Industry (LCCI) Mr. Abdul Basit said during a consultative meeting on the Special Economic Zones (SEZs) under the CPEC that government needs to adopt one window operation and special strategic policy for SEZs to promote the Foreign Direct Investment (FDI).</p>	<p><i>Dawn</i>, July 6, 2017; <i>The Express Tribune</i>, July 6, 2017; <i>The News</i>, July 6, 2017; <i>Balochistan Express</i>, July 6, 2017</p>
<p>President Mamnoon Hussain said during a meeting with the Chinese Minister for Science and Technology Dr. Wan Gang that the use of science and technology in CPEC linked power projects will help to deal with the issue of the contemporary energy crisis in Pakistan.</p>	<p><i>The Nation</i>, July 9, 2017; <i>Mengjie, Xinhua</i>, July 9, 2017</p>
<p>The Federal Minister for Railways Khawaja Saad Rafique said that revolutionary developments in railway sector are certain under the CPEC. Chinese delegation from the National Development and Reform Commission and National Railway administration will be visiting Pakistan in this regard.</p>	<p><i>Nawa-i-Waqt</i>, July 11, 2017; <i>The News</i>, July 11, 2017</p>
<p>A report said that the Chief of Army Staff Gen Qamar Bajwa</p>	<p><i>Dawn</i>, July 13,</p>

<b>Politico-economic</b>	<b>The Source</b>
<p>said at the CPEC logistics international forum that all the civilian national institutions should take the advantage offered by the CPEC and urged to plan an open debate on all aspects of the CPEC to structure a transparent policy to make it a successful project with its ensured intact security.</p>	<p>2017;<i>The Nation</i>, July 13, 2017;<i>Nawa-i-Waqt</i>, July 13, 2017;<i>Dunya</i>, July 13, 2017;<i>Balochistan Express</i>, July 13, 2017;<i>K2</i>, July 13, 2017</p>
<p>Pakistan’s ambassador to America Aizaz Chaudhry said while talking to the Pakistani IT delegation in the US that CPEC has opened up new development opportunities for Pakistan.</p>	<p><i>Nawa-i-Waqt</i>, July 13, 2017; <i>Khyber News</i>, July 12, 2017</p>
<p>Planning and Development Member Governance Tariq Hijazi stated while talking to media that Pakistan has become an attractive destination for Foreign Direct Investment (FDI) after the launch of CPEC that would bring new opportunities for the people of Pakistan.</p>	<p><i>The Express Tribune</i>, July 14, 2017;<i>The Gulf Today</i>, July 15, 2017</p>
<p>The President of Pakistan Businessmen and Intellectuals Forum (PBIF) Mian Zahid Hussain stated that the government needs to establish cottage industrial zones along the CPEC route to enhance the business related activities and the economic development of Pakistan.</p>	<p>Sarfraz Ali, <i>Daily Pakistan</i>, July 15, 2017; <i>The Express Tribune</i>, July 16, 2017</p>
<p>The President of Rawalpindi Chamber of Commerce and Industry (RCCI) Raja Amer Iqbal stated in a conference on CPEC that CPEC should be free from the illegal exchange of</p>	<p><i>Dawn</i>, July 21, 2017;</p>

<b>Politico-economic</b>	<b>The Source</b>
<p>goods and services and emphasized the development of industrial zone under the CPEC.</p>	<p>Shoaib-Ur-Rehman Siddique, <i>Business Recorder</i>, July 21, 2017</p>
<p>The Vice President of the Federation of Pakistan Chambers of Commerce and Industry (FPCCI) urged in a seminar on the dynamics of CPEC held by the Directorate General &amp; Chairman of Training &amp; Research that youth should be equipped with technological skills to reap the maximum advantages of CPEC.</p>	<p><i>The News</i>, July 21, 2017</p>
<p>The Chairman of Pakistan National Shipping Corporation Arif Ilahi stated at the inauguration of the headquarter of Dynamic Worldwide Logistic Group that Pakistan's shipping industry has potential to flourish under the CPEC.</p>	<p><i>Jang</i>, July 25, 2017</p>
<p>Member of the BoI Shah Jahan Shah stated in a consultative session at the Karachi Chamber of Commerce and Industry (KCCI) that private sectors hold imperative significance in the effective execution of CPEC.</p>	<p><i>The Express Tribune</i>, July 29, 2017</p>
<p>The Islamabad Chamber of Small Traders (ICST) patron Shahid Rasheed Butt said more transparency in CPEC projects is needed to shun rumors and suspicions.</p>	<p><i>Dawn</i>, July 30, 2017; <i>The News</i>, July 31, 2017</p>
<b>Action/Visits</b>	
<p>The President Federation of Pakistan Chambers of Commerce and Industry, Zubair F.Tufail tends to highlight the worth of</p>	<p>Parvez Jabri, <i>Business</i></p>

<b>Politico-economic</b>	<b>The Source</b>
CPEC in regional integration at the 70th Executive Committee meeting of SAARC Chamber of Commerce and Industry.	<i>Recorder</i> , July 4, 2017
The board of directors of the National Transmission and Dispatch Company (NTDC) has removed its Managing Director Dr. Fiaz Ahmad Chaudhry from his position due to reported delay in execution of the CPEC linked power projects.	<i>Dunya</i> , July 7, 2017; <i>The Baloch House</i> , July 8, 2017; Khalid Husnain, <i>Dawn</i> , July 8, 2017; Salman Abduhu, <i>The Nation</i> , July 8, 2017
In order to gauge the prospects of bilateral logistics cooperation under the CPEC, the National Logistics Cell (NLC) held a two-day CPEC logistics international forum at the Pak-China friendship center.	<i>Dunya</i> , July 12, 2017; <i>The News</i> , July 12, 2017
Chinese delegation from the National Development and Reform Commission, and National Railway administration during a visit to Pakistan met the Minister for Planning, Development, and Reforms Ahsan Iqbal and ensured the quick execution of the CPEC linked projects.	<i>The Express Tribune</i> , July 12, 2017; <i>The Nation</i> , July 12, 2017; Mehtab Haider, <i>The News</i> , July 12, 2017
A report said that the Small and Medium Enterprises Development Board (SMEDA) has started campaigns for the awareness of Chambers and Commerce Industry on the potential prospects and opportunities of CPEC projects.	<i>The Express Tribune</i> , July 19, 2017; Salim Ahmed,

<b>Politico-economic</b>	<b>The Source</b>
	<i>Pakistan Observer</i> , July 19, 2017
<b>Report/Analysis</b>	
A media report said that increasing steel demands under the CPEC projects have potential to accelerate the growth of local steel industries.	<i>Dawn</i> , July 3, 2017
According to a report, increased foreign loans for the CPEC linked projects exceeded the budget limit of the fiscal year 2016-17. The officials of Planning Ministry informed that Ministry of Finance is responsible for looking over the foreign lending toward the CPEC.	Shahbaz Rana, <i>The Express Tribune</i> , July 2, 2017
As per a newspaper analysis, a total of 40.9 million tonnes increase in the sales of cement has been observed in the last fiscal year of 2016-17 under the CPEC.	<i>The News</i> , July 6, 2017
The State Bank of Pakistan (SBP) in its annual Financial Stability Review 2016 said that the CPEC will open new vistas of opportunities for the insurance industry.	<i>The Express Tribune</i> , July 9, 2017
A report said that the data on the State Bank of Pakistan (SBP) revealed 20% increase in Pakistan's Imports in the fiscal year 2017 under the CPEC.	Aadil Nakhoda, <i>The Express Tribune</i> , July 10, 2017
A report claimed that the government of Pakistan disappointed Chinese administration by failing to set an autonomous division for CPEC related issues and Chinese government tends to establish an alternative route for the	Zafar Mehmood Sheikh, <i>Jehan Pakistan</i> , July 17, 2017

Politico-economic	The Source
successful execution of CPEC.	
<p>The data released by the State Bank of Pakistan indicated that China was the biggest foreign investor in Pakistan in 2016-17, with \$1.186b FDI inflows, which helped increase the Foreign Direct Investment in Pakistan during the fiscal year 5 percent.</p>	<p>Farhan Zaheer, <i>The Express Tribune</i>, July 18, 2017; Khurshid Ahmed, <i>Daily Times</i>, July 18, 2017; Erum Zaidi, <i>The News International</i>, July 18, 2017</p>
<p>Moody's Investors Service evaluated the implications of CPEC execution and stated that though it is boosting the GDP growth rate, it will intensify the current account deficit of Pakistan.</p>	<p><i>The Nation</i>, July 19, 2017; <i>Dunya News</i>, July 18, 2017</p>
<p>A report said that government has found it feasible to set up total nine SEZs over the four provinces under the CPEC.</p>	<p><i>The Express Tribune</i>, July 24, 2017</p>
<p>A report said that the Matiari-Lahore transmission line, a \$2.1b worth project of CPEC, got the blanket tax exemption by the Economic Coordination Committee (ECC), which is unhealthy for the industrial growth and development of Pakistan.</p>	<p>Shahbaz Rana, <i>The Express Tribune</i>, July 26, 2017</p>
<p>An Urdu columnist critically analyzed the Chinese investment under the CPEC and argued that Pakistan is likely to take more loans from the IMF in future to repay the interest on the loans acquired for CPEC.</p>	<p>Dr. Shahid Hassan Siddiqui, <i>Jang</i>, July 27, 2017</p>

<b>Politico-economic</b>	<b>The Source</b>
A report said that despite the political developments and change of the government, the new government tends to renew its commitment to CPEC and a high-level delegation may soon visit China in that regard.	Noor Aftab, <i>The News</i> , July 31, 2017

<b>Provincial/regional developments and concerns</b>	<b>The Source</b>
<b>Statements</b>	
The President of Chitral Chamber of Commerce and Industry Sartaj Ahmed Khan expressed his grave concerns over the lack of space in the structure of a road designed to pass through Chitral under the CPEC.	<i>Dawn</i> , July 3, 2017
Chief Minister Gilgit-Baltistan Hafiz Hafeez-ur-Rehman stated that infrastructure and other development activities under the CPEC would improve the tourism rate and employment opportunities in the region.	Fawad Maqsood, <i>Business Recorder</i> , July 1, 2017
The Minister for Information of Khyber Pakhtunkhwa (KP) Shah Farman stated that CPEC is a significant mega project and it must not be made complicated by plotting conspiracies against it.	<i>Dawn</i> , July 13, 2017
The KP Governor Iqbal Zafar Jhagra said while talking to the Central Chairman of the Pakistan Muslim League (N), Raja Zafar-ul-Haq, that execution of CPEC related projects will not be delayed at any cost.	Middle East North Africa Financial Network, July 15, 2017
The Chief Minister of KP Pervez Khattak stated while	<i>The News</i> , July

Provincial/regional developments and concerns	The Source
speaking to the officials in Battagram district that compensations to the CPEC affectees will be provided after an appropriate appraisal of their lands.	19, 2017; <i>Pakistan Observer</i> , July 19, 2017
The President of Azad Jammu and Kashmir (AJK) Sardar Masood Khan stated in a seminar organized by the Environmental Protection Agency that a SEZ (Industrial) will be established in Mirpur under the CPEC and that the CPEC will promote the eco-tourism, upholding the environmental standards.	<i>The Express Tribune</i> , July 22, 2017
An official from the Islamabad Chamber of Small Traders (ICST) said that growing challenges to the smooth execution of CPEC can be dealt by developing consensus.	<i>The News</i> , July 24, 2017
The chief of Jamaat-e-Islami Siraj ul Haq in his public address urged the government to start work at the Malakand route of the CPEC that is feasible and beneficial for the people of this region.	<i>Nawa-i-Waqt</i> , July 24, 2017
The CM of KP Pervez Khattak stated while chairing a conference in Peshawar that CPEC has accelerated trade and business activities in the region and his administration tends to set up the small industrial states in KP for the effective execution of CPEC.	<i>K2</i> , July 25, 2017
Ahsan Iqbal stated while addressing media that unanimity among Pakistan's political and federating units on CPEC is commendable for the economic development of Pakistan.	<i>K2</i> , July 28, 2017
Minister of State for Information and Broadcasting Marriyum	<i>Balochistan</i>

<b>Provincial/regional developments and concerns</b>	<b>The Source</b>
Aurangzeb said while talking to media that Balochistan would be the major recipient of the CPEC related developments.	<i>Express</i> , July 28, 2017
<b>Report/Analysis</b>	
A newspaper story claimed that a group of Chinese experts will soon visit Pakistan to gauge the prospects of investments in developing the Special Economic Zones (SEZs) under the CPEC. However, in a preliminary meeting held for the experts' visit, the provincial representatives failed to elaborate the connotation of developing SEZs.	Khaleeq Kiani, <i>Dawn</i> , July 5, 2017
A report said that the City University, Peshawar and the Sarhad Chamber of Commerce and Industry (SCCI) will organize Chinese language classes to eliminate the language barrier for the domestic workers involved in different projects of the CPEC.	<i>Dawn</i> , July 18, 2017
Analyst at the conference held at the House of Lords in London termed CPEC the source of domestic instability in Pakistan. They alleged Pakistan's government for contributing to human rights violation, particularly in Balochistan, by prioritizing the CPEC execution in unfair means.	R. Prasad, <i>Outlook India</i> , July 22, 2017
<b>Action/Visits</b>	
The people of District Battagram held a Jirga at deputy commissioner's office and accused the administration for not complying with its commitment to providing compensation against their property used for the CPEC. They also threatened to halt the execution of CPEC projects in the	<i>Dawn</i> , July 7, 2017

Provincial/regional developments and concerns	The Source
region.	
The local CPEC action committee member went on Kuzabanda construction site of the CPEC and insisted workers stop the work until the federal government provides compensation payment against their lands and property being used for the CPEC.	<i>Dawn</i> , July 8, 2017; <i>Dunya</i> , July 8, 2017
A report said that the work on a CPEC project that was stopped by the protestors in Battagram district has been started again. It became possible due to the efforts of the district Deputy Commissioner Sardar Asad Haroon who headed a Jirga in this regard.	<i>Dawn</i> July 9, 2017
The Federal Minister for Planning, Development, and Reforms Ahsan Iqbal headed a meeting to assess the development of proposed 46 SEZs under the CPEC in all provinces/regions of the country.	<i>The Express Tribune</i> , July 20, 2017; <i>Balochistan Express</i> , July 20, 2017
The Mayor of Karachi Waseem Akhtar stated in a conversation with the Chinese investors that CPEC would promote the bilateral friendship while the Chinese investors expressed their interest to invest in the development plans of Karachi.	<i>Nawa-i-Waqt</i> , July 25, 2017; <i>Jang</i> , July 25, 2017
The Board of Investment's (BOI) official in collaboration with the provincial/regional governments ensured its support to both, private and the public sector for the development of SEZs under the CPEC.	<i>Pakistan Observer</i> , July 31, 2017

<b>Socio-cultural</b>	<b>The Source</b>
<b>Statements</b>	
<p>The Vice Chancellor of Punjab University Dr. Zafar Mueen Nasir said while distributing certificates for the Chinese language students of PU's Confucius Centre that CPEC will open new vistas of opportunity for the development of Pakistan.</p>	<p><i>The Express Tribune</i>, July 14, 2017; <i>Pakistan Observer</i>, July 14, 2017</p>
<p>The Deputy Chinese Ambassador in Pakistan Zhao Lijian stated while talking at the event of sending Pakistani students to China that growing interaction among young generations will promote the bilateral relations.</p>	<p>Mian Abrar, <i>Pakistan Today</i>, July 14, 2017</p>
<b>Action/Visits</b>	
<p>Pakistan National Council of the Arts (PNCA) in cooperation with the Cultural Section of the Chinese Embassy hosted the China Cultural Heritage Week where Chinese Ambassador Sun Weidong stated that bilateral relations have been developed stronger under the cultural corridor and more cultural events are expected to be held under the CPEC.</p>	<p><i>The News</i>, July 8, 2017</p>
<b>Report/Analysis</b>	
<p>A report said that a Chinese firm working on the CPEC projects, China Three Gorges South Asia Investment Limited (C-SAIL) has decided to help in setting up the Government Primary School Jhimpir in Thatta district to enhance the socio-economic relations.</p>	<p><i>The News</i>, July 1, 2017</p>
<p>A <i>Dawn</i> story revealed that the Vice Chancellor of Turbat University is certain to launch the Chinese linguistic program</p>	<p><i>Dawn</i>, July 12, 2017</p>

Socio-cultural	The Source
and a CPEC study center at the Gawadar campus soon.	
A report in an Urdu magazine <i>Tajziat</i> analyzed how the CPEC and Chinese engagements in in Pakistan could possibly influence Pakistan’s culture, society and civilization.	Sahibzada Muhammad Amanat Rasool, <i>Tajziat</i> , July 3, 2017
A report by the Pakistan National Council of the Arts (PNCA) said that the cultural caravan comprising Chinese and Pakistani artists will record the art and culture by travelling along the CPEC route in three intervals, each of 10 days.	<i>The Nation</i> , July 18, 2017; <i>Balochistan Express</i> , July 18, 2017

Security	The Source
<b>Statements</b>	
Inspector General Khyber Pakhtunkhwa Police Salahuddin Mehsud said while addressing media that provincial government has earmarked Rs 700 million and tends to hire 3,000 policemen to ensure the security of CPEC.	<i>Balochistan Express</i> , July 7, 2017
Chief Minister Sindh Syed Murad Ali Shah urged the police department to set up jammers in the means of transport of Chinese workers under the CPEC so their security could be ensured.	<i>Dawn</i> , July 12, 2017; <i>The Express Tribune</i> , July 12, 2017; <i>Nawa-i-Waqt</i> , July 12, 2017; <i>The News</i> , July 12, 2017

<b>Security</b>	<b>The Source</b>
<p>The Federal Minister for States and Frontier Regions (SAFRON) Lt. Gen. (R) Abdul Qadir Baloch stated that with the help of government, Pakistan's army will disrupt all the efforts made by anti-Pak forces to halt the CPEC and sabotage the economic development of Pakistan.</p>	<p><i>Balochistan Express</i>, July 20, 2017; Mehtab Haider, <i>The News</i>, July 21, 2017</p>
<p>The chairman of the steering committee and advisor to the CM Punjab Khawaja Ahmed Hassan stated that it is imperative to ensure the security of workforce of the CPEC linked Lahore Orange Line Metro project.</p>	<p><i>Balochistan Express</i>, July 27, 2017</p>
<b><i>Security Incidents</i></b>	
<p>A Chinese official, along with his security guard, working on the CPEC project was shot and injured in Ghotki.</p>	<p><i>The News</i>, July 2, 2017</p>
<p>A roadside bomb blast took place minutes after a motorcade of Chinese engineers passed through the Steel Town area of Karachi. Law enforcers believed that the blast was aimed at targeting the Chinese engineers currently working on different projects in Thatta in connection with the CPEC. A leaflet was found at the place of blast in which Sindhudesh Revolutionary Army claimed the attack.</p>	<p><i>Dawn</i>, July 11, 2017</p>
<b><i>Action/Visits</i></b>	
<p>In the wake of firing on a Chinese national in Ghotki, who is working on a CPEC project, Sindh Home Minister Sohail Anwar Siyal urged the police department to provide intact security to the Chinese and foreigners working on the development projects like CPEC.</p>	<p><i>Dawn</i>, July 3, 2017</p>

Security	The Source
A Chinese delegation under the Vice Minister of Justice Department Liu Zhenyu held a meeting with Sindh Home Minister Sohail Siyal to discuss the security issues of Chinese nationals working on the CPEC linked projects.	<i>Dawn</i> , July 8, 2017
Chief Minister Sindh Syed Murad Ali Shah urged the police department to set up jammers in the means of transport of Chinese workers under the CPEC so their security could be ensured.	<i>Dawn</i> , July 12, 2017; <i>The Express Tribune</i> , July 12, 2017; <i>The Nation</i> , July 12, 2017; <i>Nawa-i-Waqt</i> , July 12, 2017
The Chief Minister KP Pervez Khattak expressed his serious concerns regarding the security and issuance of No Objection Certificate (NOC) to the Chinese investors, and also reviewed the development of projects under the CPEC in the region.	<i>Dawn</i> , July 18, 2017; <i>The Express Tribune</i> , July 18, 2017; <i>The Nation</i> , July 18, 2017
In the wake of a report regarding the abduction of Chinese nationals in Quetta, Interior Minister Chaudhary Nisar has ordered the audit of a Korean company, R K Info Tech, and further directed to cancel the visas of all foreign nationals serving the interests of this company.	<i>Dunya</i> , July 26, 2017
[Former] Prime Minister Nawaz Sharif approved setting up of	<i>Dawn</i> , July 28,

<b>Security</b>	<b>The Source</b>
a Special Protection Unit (SPU) of 700 personnel for the security of CPEC in Gilgit-baltistan. The government also provided Rs1 billion initially to the GB government for that.	2017; <i>The Express Tribune</i> , July 28, 2017
<b>Report/Analysis</b>	
A report said that due to the linguistic constraints, the domestic police in the Kahuta Tehsil has been unable to connect with Chinese workers to ensure their security under the CPEC linked projects in Kahuta.	<i>The Nation</i> , July 17, 2017
According to a television channel report, the government of KP has decided to set aside around one billion rupees for the establishment of a special force of 3,800 personnel to ensure the security of workers under the CPEC.	<i>Khyber News</i> , July 15, 2017

<b>Progress/executionof CPEC-linked projects</b>	<b>The Source</b>
<b>Statements</b>	
Chief Minister Punjab Shahbaz Sharif said that completion of the second unit of the Sahiwal power plant project is an accomplishment in the face of opponents who believed that the execution of the CPEC is not quite possible.	<i>Dawn</i> , July 4, 2017
The Pakistan Railways chief executive officer (CEO) Muhammad Javed Anwar stated that the execution of Karachi to Peshawar ML-1 railway line under the CPEC will be improved.	<i>The News</i> , July 6, 2017
The director of Lanzhou International Trade and Logistic Park	<i>The Times of</i>

<b>Progress/execution of CPEC-linked projects</b>	<b>The Source</b>
Xu Chunhua stated that China has decided to launch shipment services to Pakistan under the CPEC, starting from Lanzhou, the capital of northwestern China's Gansu province, passing through Kashgar in Xinjiang to the Gwadar Port in Pakistan.	<i>India</i> , July 6, 2017
The Chairperson Sindh Board of Investment Naheed Memon stated that the Dhabeji Special Economic Zone (SEZ) under the CPEC is all set for the allotment.	<i>The Express Tribune</i> , July 8, 2017
Experts at the CPEC logistics international forum stated that the obsolescent vehicle being used for the CPEC execution need to be replaced with the latest transportation system, for an efficient and advance trucking industry is vital to the successful implementation of CPEC.	Khaleeq Kiani, <i>Dawn</i> , July 13, 2017; <i>The Nation</i> , July 13, 2017
The Board of Investment Secretary Azhar Ali stated in All Pakistan Chambers Committee on CPEC that private sector can play a significant role to advance the execution of CPEC linked projects.	<i>The Nation</i> , July 21, 2017
The managing director of National Transmission and Dispatch Company (NTDC) Zafar Abbas said while addressing media that timely completion of the Port Qasim Power Project under the CPEC has been challenging yet administration is devoted towards the completion of this project in time.	Munawar Hasan, <i>The News</i> , July 28, 2017
<b><i>Action/Visits</i></b>	
The second unit of the Sahiwal power plant project has been completed under the CPEC early harvest program.	<i>Dawn</i> , July 03, 2017

Progress/execution of CPEC-linked projects	The Source
The coal-fired power plant was inaugurated in Sahiwal under the CPEC. It is likely to fulfill the electricity demand of 10 million people and help Pakistan to deal with the issue of power shortage.	MJ, <i>Xinhua</i> , July 3, 2017
The CEO of Pakistan Railways Muhammad Javed Anwar discussed in a meeting with Chinese railway administration the upgradation of Karachi to Peshawar ML-1 and considered to enhance the capacity and number of trains up to 173.	<i>Nawa-i-Waqt</i> , July 13, 2017
National Railway Authority, China, and Pakistan Railways Ministry conducted a meeting to deliberate the execution plan of upgrading and doubling ML-1, and establishing a dry port near Havelian under the CPEC.	Fawad Maqsood, <i>Business Recorder</i> , July 15, 2017
The Chief Executive of a Chinese firm Wong Xiaoping met the Sindh Minister for Transport Syed Nasir Hussain and expressed his willingness to collaborate on the development of transport system and bring the projects like Bus Rapid Transport under the CPEC.	<i>Daily Times</i> , July 19, 2017
Federal Minister for Planning, Development, and Reforms Ahsan Iqbal attended a seminar on CPEC and urged the Federal Board of Revenue (FBR) to make a comprehensive plan to endorse its effective role in the CPEC execution.	<i>The Nation</i> , July 22, 2017
The National Assembly Standing Committee on Communications was informed that three new projects of National Highways Authority (NHA) have been included in the China-Pakistan Economic Corridor, out of which two will be constructed in Balochistan and the third will be constructed in the area of Khyber Pakhtunkhwa.	<i>The Nation</i> , July 27, 2017; Parvez Jabri, <i>Business Recorder</i> , July

<b>Progress/execution of CPEC-linked projects</b>	<b>The Source</b>
	26, 2017;
<b>Report/Analysis</b>	
A media report claimed on the basis of the information provided by the Ministry of Finance that the Economic Coordination Committee (ECC) of the Cabinet overlooked the issue of tax release for the execution of CPEC related projects.	Shahbaz Rana, <i>The Express Tribune</i> , July 19, 2017
A report said that out of total 27 trains for the Orange Line Metro in Lahore under the CPEC, one is expected to be received at the end of this month while rest are likely to be delivered by the end of this year 2017 to the Punjab government.	<i>The News</i> , July 24, 2017
A report said that the Sindh Engro Coal Mining Company (SECMC) executives confirmed the operationalization of Thar Coal power project under the CPEC in June 2019, little earlier than the specified time period. Although total 14.2 % of the project execution has been done since April 2016.	<i>The Express Tribune</i> , July 28, 2017; <i>The News</i> , July 28, 2017
As per the analysis of a business management consultant, the authenticity and significance of common development projects can be improved by bracketing them with the effectively executed mega projects like CPEC.	Faran Mahmood, <i>The Express Tribune</i> , July 31, 2017

# B | BILATERAL (PAK-CHINA) PERSPECTIVE

CPEC	The Source
<b><i>Statements</i></b>	
<p>Pakistan's Ambassador to China Masood Khalid stated at the 23rd Lanzhou Trade Fair in China that Pakistan is deeply involved in the effective execution of CPEC under the OBOR with the aim to promote the regional integration.</p>	<p><i>The Express Tribune</i>, July 8, 2017</p>
<p>The head of the Chinese Industrial Experts Group, Mr. Li Yuan urged Pakistan during the bilateral industrial dialogue to form a group of experts to look into the matter of developing Special Economic Zones (SEZs) along the CPEC route.</p>	<p>Amin Ahmed, <i>Dawn</i>, July 14, 2017</p>
<p>Federal Minister for Planning, Development, and Reforms Ahsan Iqbal stated at the Pakistan-China Forum on Higher Education that the bilateral academic collaboration represents the ethos of CPEC and further commended the role of Higher Education Commission (HEC) to develop intellect Human Resource (HR) for the CPEC.</p>	<p><i>The Express Tribune</i>, July 18, 2017;Rahul Basharat, <i>The Nation</i>, July 18, 2017;<i>Dunya</i>, July 18, 2017</p>
<p>China's acting ambassador to Pakistan Zhao Lijian stated in a seminar that CPEC has been proved as the effective project of the Chinese Belt &amp; Road Initiative (BRI) and expressed his satisfaction over the pace of CPEC execution.</p>	<p>Ayaz Gul, <i>Voice of America</i>, July 21, 2017</p>
<p>Chinese acting ambassador to Pakistan Zhao Lijian commended the distinctive bilateral friendly relations with</p>	<p><i>The Nation</i>, July 24, 2017;</p>

CPEC	The Source
<p>Pakistan and stated during his address to the group of teachers going China on a study tour that the embassy of China has been offering teachers training and study tours to China.</p> <p>An official from the Chinese Foreign Ministry stated that the Pakistani Supreme Court's verdict on Panama, disqualifying the prime minister, is the country's domestic affair that doesn't have any potential to affect the bilateral relations that strengthened under the CPEC.</p>	<p><i>The News</i>, July 24, 2017</p> <p><i>Dawn</i>, July 29, 2017</p> <p><i>The Express Tribune</i>, July 30, 2017; <i>The Hindu</i>, July 29, 2017; <i>Times of India</i>, July 29, 2017</p>
<b>Action/Visits</b>	
<p>Over the visit of a Chinese delegation of National Development and Reform Commission (NDRC) to Pakistan, leaders from both sides applauded the successful execution of the CPEC linked projects and enhancing bilateral relations. A Chinese delegation comprised of experts from different areas will visit Pakistan and meet experts here to discuss the pace of development of CPEC linked projects.</p> <p>Ministry of Commerce and Planning Commission requested China during the CPEC Logistics International Forum to eliminate the non-tariff barriers (NTBs) to enhance the bilateral trade prospects under the CPEC.</p>	<p><i>The News</i>, July 14, 2017</p> <p><i>The News</i>, July 11, 2017; <i>Khyber News</i>, July 11, 2017</p> <p>Khaleeq Kiani, <i>Dawn</i>, July 14, 2017</p>

Bilateral relations	The Source
<b>Statements</b>	
<p>The Prime Minister of Pakistan Nawaz Sharif during his address at the Ministry of Foreign Affairs appreciated the Pak-China strong relations and commended the role of China in promoting Pak-Afghan relations, Pakistan's membership of the Shanghai Cooperation Organization's (SCO), and the launch of CPEC.</p>	<p>Liu, <i>Xinhua</i>, July 1, 2017; <i>Global Times</i>, July 1, 2017; ARY News, July 9, 2017</p>
<p>The Attorney-General for Pakistan Ashtar Ausaf Ali said in a meeting with Chinese delegation at his office that both sides should adopt the uniform commercial codes to enhance the bilateral economic relations and projected an arbitrary system to deal with the disputes likely to arise in the execution of CPEC.</p>	<p><i>Dawn</i>, July 6, 2017; <i>The Nation</i>, July 6, 2017; <i>The News</i>, July 6, 2017; <i>Nawa-i-Waqt</i>, July 6, 2017</p>
<p>.Chief Minister Shahbaz Sharif said that Tianjin University of Technology and Education (TUTE) has decided to support provincial government in the establishment of technical and vocational education university in the Punjab</p>	<p><i>Times</i>, July 7, 2017</p>
<p>The chairman of Board of Investment Miftah Ismail stated that Pak-China bilateral relation has been enhanced under the CPEC.</p>	<p><i>The News</i>, July 14, 2017</p>
<p>The director of Pakistan Council of Renewable Energy Technologies (PCRET) Dr. Baqir Raza said while talking to media that work on a research center that established in PCRET with the help of Chinese renewable energy institute has been resumed and its second phase will be started soon.</p>	<p><i>Jang</i>, July 31, 2017</p>
<b>Official Visits/Exchange</b>	
<p>Minister for Law and Justice Zahid Hamid in conversation with the Chinese delegation of Justice Department discussed</p>	<p><i>Nawa-i-Waqt</i>, July 6,</p>

Bilateral relations	The Source
<p>the matters related to the CPEC and emphasized on enhancing diplomatic relations and bilateral cooperation among legal departments.</p> <p>The Minister of Petroleum and Natural Resources Shahid Khaqan Abbasi said while talking to the delegation of National Energy Administration (NEA) China that with the help of China, Pakistan will overcome its energy crisis.</p>	<p>2017;<i>Dunya</i>, July 6, 2017; <i>Balochistan Express</i>, July 7, 2017 <i>Nawa-i-Waqt</i>, July 6, 2017; <i>Dunya</i>, July 6, 2017</p>
<p><b>Actions</b></p> <p>The Overseas Chinese Association of Pakistan (OCAP) and the Rawalpindi Chamber of Commerce and Industry (RCCI) has signed a Memorandum of Understanding (MoU) to ease the visa policy for the Chinese nationals to take part in Rawal Expo 2018 and to enhance the bilateral trade relations.</p>	<p><i>The Express Tribune</i>, July 24, 2017; <i>The Nation</i>, July 24, 2017</p>

# c REGIONAL / INTERNATIONAL DYNAMICS

## A. REGIONAL/INTERNATIONAL DYNAMICS

On CPEC and Geo-economic Connectivity	The Source
<b>Statements</b>	
The Vice President of Asian Development Bank (ADB) Wencai Zhang said while talking to media that the ADB has decided to provide \$6-\$7.5 billion loans to Pakistan over 2018-2020 to endorse the development projects under the CPEC.	Mehtab Haider, <i>The News</i> , July 7, 2017
The Chairman of Joint Chiefs of Staff Committee General Zubair Hayat stated that India has been trying to incapacitate the CPEC execution via its first spy agency, Research and Analysis Wing (RAW) operating in Afghanistan.	<i>The Express Tribune</i> , July 15, 2017; <i>Deccan Chronicle</i> , July 15, 2017; <i>Hindustan Times</i> , July 15, 2017; <i>The Economic Times</i> , July 15, 2017
British High Commissioner to Pakistan Thomas Drew stated while talking at the Quetta Chamber of Commerce and Industry (QCCI) that Britain ensures its support for the CPEC that offers regional economic development.	<i>Dawn</i> , July 19, 2017; Sharif Khan, <i>The Nation</i> , July 19, 2017
EU Ambassador Jean Francois Cautain stated during a meeting with the State Minister for Education Balighur Rehman that the Technical and Vocational Education and	<i>Dawn</i> , July 20, 2017; <i>Daily Times</i> , July

<b>On CPEC and Geo-economic Connectivity</b>	<b>The Source</b>
Training (TVET) Reforms project funded by EU would help the execution of CPEC by providing required skills.	20, 2017
The High Commissioner of Canada, Perry Calderwood stated in his address at the Rawalpindi Chamber of Commerce and Industry (RCCI) that Pakistan would develop regional linkages and enhanced integration under the CPEC.	<i>The Nation</i> , July 26, 2017
Foreign Secretary of Pakistan Tehmina Janjua stated in a conference that India has been trying to incapacitate Pak-China friendly relations and destabilizing the region by opposing the CPEC.	<i>Nawa-i-Waqt</i> , July 20, 2017; <i>Balochistan Express</i> , July 20, 2017
<b>Action/Visits</b>	
Prime Minister Nawaz Sharif during his visit to Dushanbe offered Tajikistan to use Gwadar Port and other transportation infrastructure.	<i>Mashriq</i> , July 7, 2017
Pakistan's Ambassador to World Trade Organization (WTO) Dr. Tauqir Shah stated in a roundtable on OBOR that the CPEC would accelerate the economic integration by bringing together around 3 billion people across the region.	Tariq Butt, <i>The News</i> , July 25, 2017
<b>Report/Analysis</b>	
A report said that Pak-China trade plans via railways under the CPEC would cause to increase Indian concerns.	<i>Nawa-i-Waqt</i> , July 7, 2017
An international relations analyst Dr. Saad S Khan said that CPEC will promote the regional economic integration.	<i>The Express Tribune</i> , July 15, 2017; <i>Balochistan Express</i> , July 17, 2017
A report said that the Vice President of The South Asian Association for Regional Cooperation (SAARC) Iftikhar Ali Malik will talk about CPEC in the upcoming SAARC chamber	<i>The Express Tribune</i> , July 23, 2017

On CPEC and Geo-economic Connectivity	The Source
of commerce's session.	
A senior analyst identified three key reasons for Indian opposition towards the CPEC which include the negative and anti-development politics in South Asia, containment of China, and limiting Pakistan's influence at regional and global level.	<i>Pakistan Observer</i> , July 26, 2017

# D | ANALYSIS

## Political Development

The disqualification of former prime minister Nawaz Sharif has made the lingering political crisis in the country even more fluid. Although the ruling party PML-N has selected the new prime minister, Shahid Khan Abbasi, who has also appointed his new cabinet, the political uncertainty remains. How the political events, in particular the PML-N's response, will take turn after the National Accountability Bureau pursues and decides the cases against Nawaz Sharif's family – as ordered by the Supreme Court – remains to be seen. However, how this political uncertainty will affect the CPEC projects, depends on many factors. However, for the moment, the situation is expected to remain less changed because the new prime minister and his cabinet will prefer a continuity in the outgoing premier Nawaz Sharif's policies. But the things could become trickier, in terms of which projects on which CPEC alignment to be prioritised and funded first, if the ruling PML-N loses to its rivals in the upcoming 2018 elections.

Nevertheless, it has been observed in recent months that all provinces/regions of Pakistan have increased their interaction and engagement with Chinese companies and officials thus consolidating the overall consensus on CPEC. At the same time, bilateral socio-cultural cooperation also continues to grow including in terms of education, cultural festivities and bilateral exchanges. That bodes well for a successful execution of the CPEC projects and policy consistency and sustainability even during periods of political turmoil in the country. However such a turmoil if protracted, would have its financial and security costs. Already, the reported 'increased' foreign loans under the

CPEC crossed the budget limit of the fiscal year 2016-17 thus fueling the blame game among the ministries.

### **Project Implementation and New Initiatives**

The completion of projects like Sahiwal coal power plant will help Pakistan deal with its energy crisis. Similarly, the addition of three new National Highways Authority projects in the CPEC – two will be constructed in Balochistan and one in Khyber Pakhtunkhwa – is encouraging for the larger CPEC-linked infrastructure scheme. Indeed, the seriously mulled options of up-gradation of Karachi to Peshawar ML-1 and enhancing the capacity and number of trains up to 173 indicate that Pakistani railway system has recently gotten a renewed focus under the CPEC. Similarly, options to expand Pak-China collaboration in the transport development are also growing as Sindhi and Chinese authorities have expressed their willingness to bring the projects like Bus Rapid Transport under the CPEC. Analysts believe that non-CPEC infrastructure and energy projects could be executed more efficiently under CPEC.

Experts believe that execution on CPEC projects could be further improved in quality and accelerated through developing an efficient and advance trucking industry as a means of latest transportation system and encouraging private sector to play a significant role in different phases of the execution of CPEC linked projects.

### **Regional Context**

It is mainly due to CPEC's potential to enhance economic regional integration and growth, that the Asian Development Bank has decided to support the execution of CPEC by providing up to \$7.5 billion loans to Pakistan. Although CPEC has thus far not brought a major breakthrough in Pakistan's relation with India and Afghanistan, international community is gradually getting convinced that that is possible. The statements by EU Ambassador and the Canadian and British High Commissioners to Pakistan in July in support of CPEC and its positive regional geo-economics vindicate that argument.

Again it is largely about CPEC security that China has been playing a significant role to promote peaceful co-existence in the region. China has recently once again ventured, after similar efforts in 2015, to bring Pakistan and Afghanistan closer and initiate a peace process between the Afghan government and the Taliban. However, as in the past, Pakistan and China's plans to reach out to the Afghan Taliban and the government were eyed suspiciously by India, who see in it a loss of influence in Afghanistan.

### **CPEC security**

The success of CPEC will be determined by its peaceful execution, which is challenged by internal security threats including from Balochi and Sindh nationalist insurgents and religiously inspired militants, as well as external challenges emerging from regional geostrategic landscape. While external challenges are relatively easy to manage politically, the internal ones are the real on-the-ground threats which need preparedness, institutional coordination and adequate funds and equipment. In July, two low-intensity attacks targeted Chinese nationals working on CPEC including a failed attempt in Karachi and a targeted shootout in interior Sindh injuring a Chinese official. More than the damage or loss they caused, these attacks enhanced fear and psychological distress among the Chinese engineers and workers. At the same time, the threat of major attacks against CPEC projects and workers cannot be ruled out. While such attacks in Sindh and Balochistan could be launched by nationalist insurgents, in Punjab, KP and other areas the Pakistani Taliban and their affiliates could do so.

*(Note: This report is compiled by the Senior Research Analyst Safdar Sial and Research Associate Anam Fatima, at Pak Institute for Peace Studies (PIPS), Islamabad.)*