



August 2017

A review of national, bilateral
and regional dynamics



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Executive Summary

Both Pakistani and Chinese leaders reaffirmed their firm resolve to not allow the political changes in Pakistan and the emerging regional dynamics to affect the execution of China Pakistan Economic Corridor (CPEC) projects. For instance, Foreign Minister Khawaja Muhammad Asif stated that change of political leadership will not disturb the execution of CPEC projects. Similarly, Chinese Deputy Foreign Minister Dr. Baige Zhao stated that completion of CPEC will not be affected by the political change in Pakistan. Pakistan's new Prime Minister Shahid Khaqan Abbasi in a meeting with the Chinese Ambassador Sun Weidong also ensured the timely completion of CPEC projects.

To provide transparency for CPEC projects, Interior Minister Ahsan Iqbal revealed in National Assembly that out of total \$46 billion, \$35b is Chinese investment for energy projects under the CPEC while \$11b has been given as soft loan for infrastructure development of Pakistan at a lowest interest rate.

The National Bank of Pakistan (NBP) will launch its branches in major cities of China and Chinese administration tends to issue a preliminary license in three months. The State Bank of Pakistan (SBP) has already issued license to the state-owned commercial Bank of China to be operational in Pakistan.

The Founder-President of Pak-China Joint Chamber of Commerce and Industry (PCJCCI) Shah Faisal Afridi has suggested that the CPEC shareholders and investors should be involved in the decision making process of establishing Special Economic Zones (SEZs) along the CPEC. Meanwhile the Board of Investment has encouraged the involvement of private and public sectors in setting the SEZs. Furthermore, the industrial sector officials have demanded the provision of a level-play field to benefit the local manufacturers of CPEC while to promote the CPEC-linked economic activities.

Mixed responses emerged from provincial political leaders to CPEC during the month under review. While such official responses from Khyber Pakhtunkhwa, Sindh and Punjab were largely positive, few political voices from Balochistan as well as Sindh raised concerns about the CPEC. For instance, the President of Balochistan National Party-Mengal (BNP-M) Sardar Akhtar Mengal conveyed that nationalists of Balochistan are not quite happy with the CPEC execution. Similarly, a leader of the Muttahida Qaumi Movement-London (MQM-L) Nadeem Nusrat stated that people of Balochistan felt threatened by the CPEC execution and believed that it would project them as a minority in the region. Nonetheless, Chief Minister Khyber Pakhtunkhwa Pervez Khattak directed to launch Chinese language centers in four districts including Mansehra, Abbottabad, Peshawar, and Haripur.

To ensure the security of Chinese nationals working in Sindh, the law enforcement agencies have taken strict measures against Jeay Sindh Muttahida Mahaz (JSMM), a banned outfit that has been reportedly consistently trying to sabotage the interests of Chinese nationals. A Chinese analyst has though identified the security concerns and natural disaster as

major obstacles to the implementation of CPEC projects yet expressed belief that bilateral trade activities will continue to grow. Moreover, a Chinese firm resumed its work on Dasu Dam project after the Assistant Commissioner (AC) of Dasu Muhammad Ayaz convinced the people of Basreen Pain village by guaranteeing to address their project related grievances.

Due to the geostrategic significance of Central Asian states in the regional geo-economics, Pakistan has urged Azerbaijan to join the CPEC. The government of Saudi Arabia has also shown its interest to invest in the CPEC. Senator Rehman Malik has expressed his serious concern towards the US President Donald Trump's call for change in the paradoxical policies of Pakistan and suggested him to join the CPEC and bring other countries under the umbrella of CPEC for regional peace and stability. However, the Indian Foreign Minister Shusma Savaraj stated that via CPEC, China has been trying to strengthen the economy of Pakistan to make it stand firm against India.

A

NATIONAL PERSPECTIVE ON CPEC

1. Politico-economic	The Source
<p>Statements</p>	
<p>The founder-president of Pak-China Joint Chamber of Commerce and Industry (PCJCCI) Shah Faisal Afridi stated that the CPEC shareholders and investors should be involved in the decision making process of setting up Special Economic Zones along the CPEC.</p>	<p><u>The Express Tribune, August 5, 2017</u></p>
<p>Interior Minister Ahsan Iqbal stated in National Assembly that out of total \$46 billion, \$35b is Chinese investment for energy projects under the CPEC while \$11b has been given as soft loan for infrastructure development of Pakistan at a lowest interest rate.</p>	<p><u>The News, August 8, 2017;</u> <u>Nawa-i-Waqt, August 8, 2017</u></p>
<p>President Mamnoon Hussain stated while talking at the convocation ceremony of Balochistan University that the CPEC linked development projects in Balochistan launched by the government will accelerate the socio-economic development of the region.</p>	<p><u>Saleem Shahid, Dawn, August 10, 2017</u></p>
<p>The executive director of United Nations' Economic and Social Commission for Asia and the Pacific (UNESCAP) Dr. Shamshad Akhtar elaborated the potential prospects and opportunities of CPEC and its role in the economic development of Pakistan.</p>	<p><u>Mehtab Haider, The News, August 18, 2017</u></p>

Federal Interior Minister Ahsan Iqbal stated that the region of Gilgit-Baltistan and its highways are fundamental for CPEC.	Samaa TV, August 18, 2017; The Express Tribune, August 18, 2017 The Express Tribune, August 20, 2017
The President of Islamabad Chamber of Commerce and Industry (ICCI) Khalid Iqbal Malik during his address at the Youth Business Development Association of Pakistan (YBDAP) urged the government to focus on providing entrepreneurs special incentives to stimulate the investment in CPEC linked Special Economic Zones (SEZs).	The Express Tribune, August 21, 2017; Balochistan Express, August 21, 2017
Advisor to the Punjab Chief Minister stated that the CPEC will further accelerate the economic growth of Pakistan at the global level.	The Express Tribune, August 21, 2017; Balochistan Express, August 21, 2017 The Express Tribune, August 22, 2017
Technical Education & Vocational Training Authority (TEVTA) Chairman Irfan Qaiser Sheikh stated that new vistas of employment opportunities will be open under the CPEC. Prime Minister Shahid Khaqan Abbasi termed CPEC the lifeline of Pakistan.	Pakistan Observer, August 26, 2017; The News, August 27, 2017 Gulf News, August 27, 2017
General Manager National Highway Authority Asim Amin stated that the completion of CPEC linked highway and motorways projects would open new vistas of opportunities for the economic development of Pakistan at domestic and regional level.	Saeed Ahmed, The News, August 28, 2017; The Nation, August 28, 2017
The Islamabad Chamber of Small Traders stated that recent US offensive attitude and domestic political turbulence must not sabotage the execution of CPEC.	Saeed Ahmed, The News, August 28, 2017; The Nation, August 28, 2017
Action/Visits	Pakistan Observer, August 1, 2017
To stimulate the investment opportunities in the cosmetic industries of Pakistan, the CPEC forum for	Pakistan Observer, August 1, 2017

beauty business was organized at the China National Convention Center (CNCC).

Prime Minister Shahid Khanqan Abbasi has instructed to set new ministries and divisions to regulate the execution of economic policies including CPEC.

[Mubarak Zeb Khan, Dawn, August 5, 2017](#)

Directed by the Minister of Capital Administration and Development (CAD) Dr. Tariq Fazal Chaudhry, the National Council of Social Welfare (NCSW) Pakistan organized a one-day seminar on CPEC as part of people awareness campaign.

[Nawa-i-Waqt, August 8, 2017](#)

To exhibit the industrial and economic projects of Pakistan, a delegation under the supervision of Chief Minister Punjab Shahbaz Sharif will join the Pak-China industrial cooperation road show going to be held from August 24 to 28 on the sideline of Eurasia commodity and Trade expo in Urumqi, Xinjiang.

[The News, August 9, 2017](#)

Additional Secretary of the Ministry of Interior of Pakistan, Rehman Malik led a delegation to China where he held a meeting with China's Assistant Foreign Minister Kong Xuanyou and discussed the bilateral relations, as well as developments related to CPEC.

[Ministry of Foreign Affairs of the People's Republic of China, August 8, 2017;](#)
[Pakistan Observer, August 12, 2017](#)

The National Bank of Pakistan is set to launch its branches in Beijing and Shanghai to stimulate the economic activities under the CPEC; the Chinese administration tends to issue the preliminary license in three months.

[The Express Tribune, August 8, 2017;](#)
[The News, August 8, 2017;](#)
[Salman Siddiqui, The Express Tribune, August 11, 2017](#)

To promote the industrial development around CPEC, the Sindh Board of Investment (SBI) plans to organize a business conference on October 17-18.

[The Express Tribune, August 17, 2017;](#)
[The Nation, August 17, 2017](#)

The CPEC Consortium of Business Schools has been inaugurated for the effective execution of CPEC.

[Myra Imran, The News, August 31, 2017](#)

Report/Analysis

A report analyzed how Shahid Khaqan Abbasi as Pakistan's new Prime Minister had knocked out all the fears related to slowing pace of CPEC projects by affirming strong commitment towards the execution of CPEC.

[Muhammad Tahir, Zhang Qi, Xinhua, August 2, 2017](#)

A newspaper report highlighted certain concerns of local industries about the CPEC related policies set by the government including in terms of absence of a level-playing field for the local manufacturers.

[Javed Mirza, The News, August 2, 2017](#)

As per Moody's report, the change of government in Pakistan will have a negative impact on the execution of CPEC.

[K2, August 2, 2017](#)

A report quoted many industrialists and businessmen of Pakistan who claimed that instead of Pakistan, it was China who was the major beneficiary of CPEC.

[Zee News, August 2, 2017;](#)
[Indian Express, August 2, 2017;](#)
[The Economic Times, August 2, 2017;](#)
[Dawn, August 2, 2017](#)
[Shahid Iqbal, Dawn, August 5, 2017](#)

According to a report by the State Bank of Pakistan, loans for infrastructure in 2016 increased to 70% signifying the banks profiting from huge infrastructure construction of the CPEC linked projects.

[Shahid Iqbal, Dawn, August 6, 2017](#)

A report revealed that in the last four years Pak-China bilateral trade balance remained in the favor of China yet CPEC-related imports are very little to cause this imbalance.

[Balochistan Express, August 7, 2017](#)

A report claimed that officials of Board of Investment have decided to encourage private and public sectors to set the Special Economic Zones under the CPEC.

[Nawa-i-Waqt, August 9, 2017](#)

A news item in an Urdu daily claimed that the CPEC-linked industrial and energy projects have increased the machinery imports to 65% and petroleum imports by 46%, compared to previous year

<p>An economist Dr. Farhan Saeed has anticipated a 15% of growth in the Gross Domestic Product (GDP) of Pakistan once the CPEC becomes functional.</p> <p>Punjab Agriculture Secretary Muhammad Mehmood suggested that by benefitting from the CPEC, Pakistan should export its surplus agricultural goods to China, negotiate trade agreement to promote its due share in Chinese imports.</p> <p>A report said that the state-owned commercial Bank of China (BOC) is likely to be operating in Pakistan in upcoming months as a banking license to the BOC has already been issued by the State Bank of Pakistan (SBP).</p> <p>A newspaper report highlighted that putting aside the security concerns, Chinese entrepreneurs are interested to explore the online and offline potential business investment opportunities in Pakistan under the CPEC.</p>	<p>The News, August 11, 2017</p> <p>Imran Rana, The Express Tribune, August 18, 2017; The Nation, August 19, 2017</p> <p>Erum Zaidi, The News, August 21, 2017</p> <p>The Economic Times, August 28, 2017; The Nation, August 29, 2017; MENAFN.com, August 28, 2017</p>
<p style="text-align: center;">2. Provincial/regional developments and concerns</p>	
<p>Statements</p>	
<p>Governor Khyber Pakhtunkhwa Zafar Iqbal Jhagra at Islamabad Chamber of Commerce urged the government to provide tax free incentives to the CPEC investors to enhance the effectiveness of CPEC linked economic opportunities.</p>	<p>Saeed Ahmed, The News, August 1, 2017; Dunya, August 1, 2017</p>
<p>The speaker of Gilgit Baltistan's Legislative Assembly Haji Fida Nashad claimed that Gilgit-Skardu road project will be executed under the CPEC and assured the construction work will start soon.</p>	<p>K2, August 1, 2017</p>
<p>The President of Balochistan National Party-Mengal (BNP-M) Sardar Akhtar Mengal stated at Quetta press club that Baloch nationalists misinterpreted the CPEC execution by believing to be the beneficiary of this mega project.</p>	<p>The Nation, August 11, 2017</p>

<p>Veteran Muttahida Qaumi Movement (MQM) leader Nadeem Nusrat stated that people of Balochistan feel threatened by the CPEC execution and believed it would project them as a minority in the region. Multan's Commissioner Bilal Ahmed Butt stated that with 70 - 80 % of the total cotton production in Multan after the CPEC has made it a key trade center.</p>	<p><i>Financial Express</i>, August 12, 2017</p>
<p>Federal Minister for Communication Hafiz Abdul Kareem that CPEC-linked infrastructure development in Dera Ghazi Khan will promote the socio-economic status of the region.</p>	<p><i>Owais Karni, The Express Tribune</i>, August 20, 2017</p>
<p>President Mamnoon Hussain urged the students at Karakoram International University to reap maximum advantage of CPEC and instructed university administration to keep him informed about the CPEC cell related developments to stimulate the benefits of this mega project.</p>	<p><i>The News</i>, August 20, 2017</p>
<p><i>Action/Visits</i></p>	<p><i>Dawn</i>, August 26, 2017; <i>The Express Tribune</i>, August 26, 2017</p>
<p>Chief Minister Khyber Pakhtunkhwa Pervez Khattak has agreed to launch Chinese language centers in four KP districts including Mansehra, Abbottabad, Peshawar and Haripur to enhance the skills of youth working under the CPEC.</p>	<p><i>Dawn</i>, August 7, 2017; <i>The News</i>, August 7, 2017</p>
<p>In response to the government decision to set the Chinese language centers in Peshawar, Abbottabad, Mansehra and Haripur district the people of Battagram insisted provincial government to launch a Chinese language center in the district to enable the youth take full advantage from the CPEC.</p>	<p><i>Dawn</i>, August 9, 2017</p>
<p>Amendments in the Khyber Pakhtunkhwa's Local Government Act 2013 and Public Private Partnership bill of Khyber Pakhtunkhwa has been approved by the cabinet whereas advisor to Chief Minister KP Mushtaq Ahmed Ghani affirmed that these</p>	<p><i>Pakistan Observer</i>, August 19, 2017</p>

amendments will boost the execution of CPEC-linked projects.

3. Socio-cultural	The Source
<p><i>Statements</i></p> <p>Chairman of the Department of International Relations at the University of Peshawar Dr. Shaheed Soharwardi stated during a conference at the university that to reap the economic advantages of CPEC, people from both sides need to overcome the language barrier by setting up language centers in both countries.</p>	<p><u>Dawn, August 11, 2017</u></p>
<p><i>Action/Visits</i></p> <p>In response to the former speaker of Balochistan assembly Mohammad Alam Bhootani's appeal against a Chinese company, the environmental protection tribunal of the Balochistan high court issued a notice to that Chinese company for affecting the environment.</p> <p>Sindh Minister for Transport Syed Nasir Shah officially requested the federal government by submitting a letter asking to hand over KCR to the provincial government as a part of CPEC yet the federal government has not replied to that request.</p>	<p><u>Dawn, August 17, 2017</u></p> <p><u>Fasahat Mohiuddin, The News, August 17, 2017</u></p>
4. Security	The Source
<p><i>Statements</i></p> <p>Force Commander Major General Saqib Mehmood stated that those who will try to sabotage the CPEC will be dealt with strict measures.</p> <p>Chief of the Air Staff Sohail Aman stated that in association with other enforcement agencies, PAF is all set to provide security to the CPEC linked projects.</p>	<p><u>K2, August 9, 2017</u></p> <p><u>The News, August 22, 2017</u></p>

Security Incidents

Four employees of a Chinese company PJP – three Pakistani and one Chinese – were kidnapped near the boundary between the Frontier Regions (FRs) of Tank and Lakki Marwat, on August 9. On August-15 morning, the kidnapped persons reached Shadikhel camp in Tank, as confirmed by political administration officials.

[Dawn, August 10, 2017;](#)
[Dawn, August 16, 2017.](#)

Action/Visits

In Mansehra, police arrested a man who had been asking local inhabitant for payments in the name of CPEC by representing himself the Vice Chairman of the mega project.

[Dunya, August 2, 2017](#)

The National Electric Power Regulatory Authority (NEPRA) ordered the producers of CPEC linked energy projects to charge consumers with one percent tax for the security cost of CPEC and rejected the stakeholder's claim that government is responsible to pay for the CPEC security.

[Khaleeq Kiani, Dawn, August 4, 2017;](#) [Fawad Yousafzai, The Nation, August 4, 2017;](#) [Javed Mirza, The News, August 4, 2017](#)

In order to ensure the security of Chinese nationals working on various projects in Sindh, the law enforcement agencies have taken strict measures against Jeay Sindh Muttahida Mahaz (JSMM), a banned outfit that has been consistently trying to sabotage the interests of Chinese nationals in the region.

[Zia-Ur-Rehman, The News, August 7, 2017](#)

To ensure the security of foreign nationals and CPEC workers, the interior ministry of Pakistan has been seeking the consent from the Ministry of Foreign Affairs and all provincial governments to set a proposed databank of Chinese nationals.

[The Nation, August 17, 2017](#)

To improve the capability of Special Protection Unit (SPU), Punjab government has decided to add three more units each consists of around 1,800 personnel including serving and retired police and army officials.

[Asif Chaudhary, Dawn, August 26, 2017](#)

Report/Analysis

A Chinese entrepreneur recognized security and natural disaster as a major obstacle yet believed that the implementation of CPEC projects will continue to promote bilateral trade activities.

[Kalbe Ali, Dawn, August 13, 2017](#)

5. Progress on CPEC-linked projects**The Source****Statements**

The Chairperson of Pakistan Railways Mrs. Parveen Agha stated at a seminar that there is a dire need to improve transparency and accountability in Pakistan Railways so that it can play an effective role in the all ongoing development projects including under CPEC.

[Nawa-i-Waqt, August 1, 2017; The News, August 1, 2017](#)

Prime Minister Shahid Khaqan Abbasi in a meeting with the Chinese Ambassador Sun Weidong ensured the timely completion of CPEC projects primarily under his own supervision.

[Nawa-i-Waqt, August 4, 2017; Yang Yi, Xinhua, August 4, 2017; Jang, August 4, 2017](#)

According to a Planning Commission official, the construction of western route of CPEC is stimulated and major work on the route is expected to be completed next year.

[The Nation, August 7, 2017](#)

The Chinese ambassador to Pakistan Sun Wiedong said during a seminar that the political change in Pakistan will not affect the CPEC execution and the early harvest CPEC linked energy projects are now moving forward swiftly with six out of eleven projects in progress and five that have been built.

[The News, August 11, 2017;](#)

Foreign Minister Khawaja Muhammad Asif said while addressing media that change of political leadership will not disturb the CPEC.

[Pakistan Observer, August 11, 2017; Daily Times, August 12, 2017](#)

[The News, August 15, 2017;](#)

[Khyber News, August 14, 2017](#)

Pakistan Ambassador to China, Masood Khalid stated that the cost effective Gwadar Port will exclusively be operational in 3-4 years.	Mengya Liu, et al., China.org.cn, August 21, 2017 ; Gulf News, August 22, 2017 .
Foreign Secretary of Pakistan Tehmina Janjua stated that Pakistan is keen to work with China for prompt execution of Gwadar port under the CPEC. Prime Minister Shahid Khaqan Abbasi ensured Chief Minister Sindh Syed Murad Ali Shah to get approved the CPEC linked Karachi Circular Railway (KCR) project by the Executive Committee of the National Economic Council.	Mo Jingxi, China Daily, August 23, 2017 Dawn, August 23, 2017
Pakistan Ambassador to China, Masood Khalid stated that around 30,000 Chinese are working on development projects under the CPEC.	The Nation, August 24, 2017
Action/Visits	
Ministry of Ports and Shipping is ready to set a Pak-China Technical and Vocational Training Institute at Gwadar to promote the skills of human resource employed for CPEC projects.	The Express Tribune, August 4, 2017
The Chairman of National Accountability Bureau (NAB) Qamar Zaman Chaudhry signed an agreement with China to endorse the transparency of CPEC-related projects.	The Nation, August 5, 2017
The Secretary of Senate's Standing Committee on Planning and Development Shoaib Siddiqui confirmed that the delayed work on the Karachi Circular Railway project, which was initiated with the help of Japan International Cooperation Agency (JICA), has been resumed by including it into the CPEC.	Dawn, August 1, 2017 ; Nawa-i-Waqt, August 7, 2017
The federal government agreed to the reconstruction of Thakot to Raikot of the Karakoram Highway under the CPEC.	Nawa-i-Waqt, August 7, 2017 ; K2, August 7, 2017

Representatives of Pakistan Railways Transportation and Mechanical Divisions held a two-day session at the PR's headquarters to ensure the trains' operations over the period of Main Line (ML-I) up-gradation under the CPEC.	<i>The News, August 8, 2017</i>
A delegation led by Dasu assistant commissioner and consisting of Chinese engineers and local committee members visited the Basreen Pain village and convinced the local people to allow the Chinese firm resume work on Dasu Dam.	<i>Dawn, August 10, 2017</i>
General Secretary of Pakistan Chemical Manufacturers Association Iqbal Kidwai met with the President of Pak-China Joint Chamber of Commerce and Industry Wang Ziha and suggested to call Chinese investors for joint chemical manufacturing projects and bringing it under the banner of CPEC.	<i>The Express Tribune, August 10, 2017</i>
The Chairman of National Highway Authority (NHA) Shahid Ashraf Tarar updated Federal Minister for Communications Hafiz Abdul Karim about the motorway and overall CPEC linked projects and informed that further 3 motorway projects will be included into CPEC.	<i>Shoaib-ur-Rehman, Business Recorder, August 17, 2017;</i> <i>Sehrish Wasif, The Express Tribune, August 17, 2017</i>
The Chief Minister of Sindh Syed Murad Ali has instructed the Transport Department to issue the international tender for Karachi Circular Railway to kick start the project on the birthdate of Quaid-i-Azam Mohammad Ali Jinnah.	<i>Samaa TV, August 18, 2017;</i> <i>The Nation, August 19, 2017;</i> <i>The Express Tribune, August 19, 2017</i>
Chairman of the steering committee on the train project Khawaja Ahmed Hassan informed that first stock of coaches made in China for Lahore Orange Line Metro Train Project has been dispatched from Shanghai, expected to reach Karachi and Lahore in September.	<i>Dawn, August 24, 2017</i>
To promote animals' farming and export, the government of Khyber Pakhtunkhwa has signed a Memorandum Of Understanding (MoU) with a	<i>K2, August 24, 2017;</i> <i>Dawn, August 25, 2017</i>

Chinese company Zhejiang Dowish Import & Export Co. Ltd under the CPEC.

The National Highway Authority (NHA) has approved more than Rs4 billion for the execution of Hakla-DI Khan road, part of the CPEC's western route.

[Sehrish Wasif, *The Express Tribune*, August 25, 2017](#)

To regulate the Greater Peshawar Region Mass Transit Circular Railway Project under the CPEC, Chief Minister Khyber Pakhtunkhwa Pervez Khattak directed to oversee this project on daily basis.

[The News, August 28, 2017](#)

The new Chief of National Highways and Motorway Police Dr. Syed Kaleem Imam has noticed the expected rise in traffic flow on the CPEC highways, stressed to develop a scientific strategy and expansion of motorway police's human resource to deal with the upcoming challenges.

[The Express Tribune, August 28, 2017](#)

Report/Analysis

A Chinese Professor at Normal University Lan Jiang expressed his worries about the smooth execution of CPEC projects amidst the political turmoil fueled by the disqualification of former prime minister Nawaz Sharif.

[Jang, August 5, 2017; Lan Jiang, *Global Times*, August 3, 2017; Saibal Dasguptal, *Times of India*, August 3, 2017](#)

A report said that the Capital Development Authority (CDA) officials are keen to start orange line project in Islamabad and urged the federal administration to bring this project in CPEC.

[Dawn, August 7, 2017](#)

A newspaper report said that after becoming part of CPEC, the revival and construction of Karachi Circular Railway, which was earlier scheduled to be completed in 10 years, would now be completed in three years, by September 2020.

[The Nation, August 7, 2017](#)

A report said that a plan to revitalize the Karachi Circular Railways has not been welcomed by the people who have set their business and household

[VOA, August 16, 2017; Reuters, August 16, 2017](#)

along the route while chairman of the Railway Workers Union Manzoor Ahmed Razi expected improved transport system under the revival of KCR. [*The News, August 17, 2017;*](#)
[*The Express Tribune, August 17, 2017*](#)
[*Dawn, August 29, 2017*](#)

According to a newspaper report, National Assembly's Standing Committee on Communications has criticized the National Highway Authority (NHA) for its failure of timely completion of CPEC linked road projects.

B

BILATERAL (PAK-CHINA) PERSPECTIVE

1. CPEC	The Source
Statements	
<p>Provincial Minister for Industries, Commerce and Investment Sheikh Alauddin stated that with Pak-China joint efforts, the establishment of Tianjan Punjab University of Technical and Vocational Education would stimulate the development of Trade and industrial sector of Pakistan.</p>	<p>Nawa-i-Waqt, August 4, 2017</p>
<p>Cultural Counselor of China in Pakistan, You Yi stated that the China-Pak bilateral exchange programs at academic level will play a significant role to promote the bilateral relations and execution of CPEC.</p>	<p>The Nation, August 17, 2017</p>
Action/Visits	
<p>A Chinese delegation headed by the Deputy Foreign Minister Dr. Baige Zhao visited the University of Management and Technology (UMT) where Dr. Baige Zhao stated that the political change in Pakistan will not halt the execution of CPEC.</p>	<p>The News, August 12, 2017</p>
<p>Pakistan Study Center of Fudan University in Shanghai organized a seminar to discuss the various prospects of CPEC related projects and suggested way forward.</p>	<p>China.org.cn, August 26, 2017</p>

2. Bilateral Relations	The Source
<p>Statements</p> <p>Chinese Ambassador Sun Weidong said during the 90th anniversary of the People's Liberation Army (PLA) that Pak-China relations are based on the bilateral defense cooperation while the Chief of Army Staff (COAS) General Qamar Bajwa commended the firm and incomparable bilateral relations.</p> <p>In response to the US President Donald Trump's statement about Pakistan supporting terrorism in the region, Chinese Foreign Minister Wang Yi ensured China's staunch support to Pakistan.</p> <p>China's top diplomat, State Councilor Yang Jiechi called US Secretary of State Rex Tillerson and commended the role of Pakistan in Afghanistan and stated to value the security and sovereignty of Pakistan.</p>	<p>Farooq Awan, Daily Times, August 1, 2017; The News, August 1, 2017; Dunya, August 1, 2017; Jang, August 1, 2017; Nawa-i-Waqt, August 1, 2017</p> <p>Naveed Siddiqui, Dawn, August 22, 2017; Mashriq, August 22, 2017</p> <p>Zhao Huanxin, China Daily, August 24, 2017; The Indian Express, August 24, 2017; Dawn, August 25, 2017</p>
<p>Action/Visits</p> <p>Prime Minister Shahid Khaqan Abbasi and the Chinese Vice Premier Wang Yang signed agreements on education and infrastructure linked projects to promote the bilateral cooperation.</p> <p>Chinese Vice Premier Wang Yang with high power delegation visited Pakistan on its 70th Independence day ensured support against terrorism and stated that Pak-China friendship is exemplary while the President of Pakistan Mamnoon Hussain ascertained China of unflinching support to pursue its core interests.</p> <p>In order to set a Chinese university of technical and vocational education in February 2018, the steering committee has sent a draft ordinance to the law department to legitimize its establishment.</p>	<p>Khyber News, August 14, 2017; Xinhua, August 14, 2017</p> <p>The Express Tribune, August 15, 2017; The Nation, August 15, 2017; Jang, August 15, 2017</p> <p>Intikhab Hanif, Dawn, August 28, 2017</p>

Official Visits/Exchanges

The Foreign Secretary of Pakistan Tehmina Janjua in a meeting with the Chinese State Councilor Yang Jiechi has ensured Pakistan's staunch support for China on its fundamental issues and stated that China has a substantial role in the foreign policy of Pakistan.

[*The Nation, August 22, 2017*](#)

Report/Analysis

A report highlighted that China has expressed its willingness to explore the joint academic exchange and research programs to enhance the bilateral cooperation.

[*The Express Tribune, August 29, 2017; The News, August 29, 2017*](#)

C

REGIONAL / INTERNATIONAL DYNAMICS

1. On CPEC and Geo-economic Connectivity

The Source

Statements

The Foreign Minister of India Shusma Savaraj stated at the inauguration of US-Indian forum that via CPEC, China has been trying to strengthen the economy of Pakistan to make it stand firm against India.

[K2, August 2, 2017](#)

Senator Rehman Malik showed his serious concern towards the US President Donald Trump's call for change in the paradoxical policies of Pakistan and suggested him to join the CPEC and involve other countries for regional peace and stability.

[The News, August 7, 2017;](#)
[Jang, August 7, 2017](#)

Indian Army chief General Bipin Rawat stated that the sovereignty of India is vulnerable to the execution of CPEC linked projects passing through [Pakistani] Kashmir.

[Geo News, August 28, 2017](#)

Action/Visits

Taking note of the geostrategic significance of Central Asian States in the regional economic development, Pakistan has urged Azerbaijan to join the CPEC.

[Mehtab Haider, The News, August 1, 2017;](#)
[Muhammad Arshad, Pakistan Observer, August 1, 2017](#)

Ambassador of Kingdom of Saudi Arabia to Pakistan Nawaf Ahmad Al Malkiy stated that his country is considerate to invest in the CPEC.

[The News, August 17, 2017;](#)
[The Nation, August 18, 2017;](#)
[The Express Tribune, August 18, 2017](#)

The Board of Investment (BoI) discredited the information about keeping other regional states away from CPEC and maintained the fact that government has adopted a liberal investment policy towards CPEC.

[*The Express Tribune, August 24, 2017; Board of Investment, August 24, 2017*](#)

Report/Analysis

A report said that China and Pakistan are reluctant to include Iran, Central Asian and Middle Eastern states in CPEC before the year 2020 and wait until the completion of CPEC linked power and industrial projects.

[*Zafar Bhutta, The Express Tribune, August 23, 2017*](#)

2. On Pak-China Bilateral Cooperation The Source

Action/Visits

The Chinese deputy chief of mission Lijian Zhao visited Pakistan and appreciated the role of Inter-Services Public Relations (ISPR) in promoting bilateral friendship, expressed its willingness to work with ISPR to further strengthen the bilateral relations.

[*The Express Tribune, August 23, 2017; Inter Services Public Relations, August 23, 2017*](#)

D

**ANALYSIS*****Political Development***

As anticipated by many, political changes in the country have made little to no impact on the execution of CPEC-linked projects, at least for the moment. Pakistan's all provinces and regions are also apparently satisfied, although with varying degrees, with the progress on all CPEC alignments. However a major test to this political consensus will appear when the work on Special Economic Zones will pick up pace as all provinces and regions will want to have maximum, or at least equal, share. For the moment, some technical advice is being offered by experts and institutions. For instance, the Board of Investment's initiative of engaging both private and public sectors in setting the SEZs should be appreciated. Similarly PCJCCI President's suggestion to include diverse stakeholders in the process should also be considered. At the same time, providing a level playing field to local manufacturers from all regions of Pakistan will also be crucial to strengthen provincial consensus on CPEC.

Project Implementation and New Initiatives

Resumption of the work on the Karachi Circular Railway project and shifting the Dasu Dam project under the CPEC indicate two things. First,

the government is not afraid of expanding the CPEC projects. Secondly, it believes linking projects to CPEC could translate into an early and effective execution. National Highway Authority also anticipates more [at least 3] motorways would be included in CPEC, a transformation in progress since the initiative was launched. Moreover, under the Prime Minister's commitment to the timely completion of CPEC, there are good chances that government will take innovative steps to accelerate the project's execution.

Regional Context

India has expressed two major concerns about CPEC during the month under review. First, it believes CPEC will provide Pakistan and China a geostrategic and logistical advantage over India mainly through infrastructure development in AJK and the Gwadar Port. Secondly, India believes China is supporting Pakistan through CPEC to enable it to stand against India. On the other hand, US has invited India to play more role in Afghanistan, which will be seen by Pakistan and possibly China as threatening to CPEC projects mainly in Balochistan. The Trump's Afghanistan and South Asian policy will also put pressure on Pakistan in terms of the latter's projecting CPEC as a regional connector. President Trump has accused Pakistan for adding to Afghanistan's problems by sheltering Afghan Taliban and, as cited earlier, invited India to play a more active role to bring peace and stability in Afghanistan.

It is a known fact that Pakistani Taliban militants sheltered in Afghanistan forms a major threat to Pakistan as well as CPEC's security. Growing tensions with the US and Afghanistan will add to Pakistan's challenges of managing internal security and securing the country's border with

Afghanistan, to check the incursions by Pakistani Taliban militants sheltered in Afghanistan. At the same time, Pakistan will have to convince US and international community that its anti-terrorism campaign is not selective but against militants of all shades. It was, however, a positive development that after the US president announced his Afghanistan policy, China's top diplomat, State Councilor Yang Jiechi called US Secretary of State Rex Tillerson and asked to value the sovereignty of Pakistan.

CPEC security

The future of CPEC success will be defined by its peaceful execution. In the month under review, no terrorist attack against a CPEC project or worker was observed; some workers of a Chinese company were however kidnapped but released after few days. The federal and provincial governments have been trying to address the CPEC security issues by raising Special Forces. Another way of making CPEC projects and workers more secure could be to address the grievances of the people who still feel they are being exploited or not given due share in CPEC projects. In recent months, the security situation in Balochistan has posted signs of relative deterioration with more attacks on security personnel. The average number of attacks per month has also increased. Balochistan is the only province of Pakistan where resistance to CPEC has been higher compared to other regions. The government should try to take Baloch people into confidence besides enhancing security arrangements.

(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.)