



September 2017

A review of national, bilateral
and regional dynamics



CONTENTS

EXECUTIVE SUMMARY

A NATIONAL PERSPECTIVE ON CPEC

**B BILATERAL
(PAK-CHINA) PERSPECTIVE**

**C REGIONAL / INTERNATIONAL
DYNAMICS**

D ANALYSIS



Executive Summary

As if reflecting the support to CPEC, at least two reports released in September projected a rise in Pakistan's economy especially auto-sector, mainly due to the CPEC-projects. This is despite the fact that certain crucial transportation projects continue to be delayed. Some reports projected further economic growth and activity. For instance, a report by an authority looking after small and medium enterprises projected 0.25 to 0.5 million rise in the demand of four-wheel vehicles in Pakistan within the upcoming 12 years. Another report, released in September by a monetary committee, noted "manageable inflation" owing to increasing domestic demands emanating from CPEC. Meanwhile, state-run banks in Pakistan and China are showing interest in mutual projects.

Certain projects still lingered. Pakistan railway's mainline track, the ML-1, connecting Karachi to Peshawar, is to be upgraded. Likewise, not a single of the nine prioritized Special Economic Zones (SEZs) under the CPEC in four provinces has been established. A sort of discord also existed between Sindh and federal governments on Special Incentive Package, which is meant to locate Chinese industries to Pakistan. Sindh's Board of Investment, espousing the provincial government's view, has called for reviewing the financing of the package. The federal government thinks the

package will accelerate the Chinese investment in nine special zones to be set up under the CPEC.

The old debate of what constitutes the CPEC and who is the main beneficiary continued. The Peshawar High Court has asked the federal government to check if certain developmental projects, especially those along the western alignment, have been included in CPEC. Meanwhile, Sindh High Court officially sought government's response over why Thar continued to be deprived, despite promises made under the CPEC.

In September, some new promises were made to ensure the security of CPEC projects. Chief of Air Staff said that Pakistan Air Force (PAF) will provide aerial security to CPEC projects, in liaison with other agencies. Meanwhile, Chinese ambassador to Pakistan assured for assisting Pakistan's civil armed forces in their capacity building for building CPEC. Punjab government has decided to deploy the officials of Special Protection Unit (SPU) at Islamabad/Rawalpindi and Lahore airports to compile the data about visiting Chinese and other foreigners working on CPEC.

To enhance the regional geo-economic connectivity through CPEC, Pakistan invited Tajikistan to join the project. Other countries, like Iran, Saudi Arabia, and the UK, displayed interest on their own. On Indian front, the situation remained bleak, with Pakistan repeatedly expressing its concerns about India's alleged involvement in activities meant to sabotage the CPEC.

A

NATIONAL PERSPECTIVE ON CPEC

1. Politico-economic	The Source
Statements	
<p>Chief Minister Punjab Shahbaz Sharif stated that civil-military cooperation has reinforced the execution of CPEC.</p>	<p>Geo TV, September 3, 2017; <i>The Frontier Post</i>, September 3, 2017</p>
<p>Minister of Punjab Higher Education Syed Raza Ali Gilani stated that CPEC will ensure the socio-economic development of Pakistan.</p>	<p><i>The News</i>, September 12, 2017</p>
<p>President Lahore Chamber of Commerce & Industry (LCCI) Abdul Basit emphasized on the significance of private to private contact/partnership of Pak-China entrepreneurs in CPEC execution.</p>	<p><i>The News</i>, September 17, 2017</p>
<p>Sindh Governor Muhammed Zubair strongly believed that completion of the CPEC linked projects would stimulate the socio-economic development of Pakistan.</p>	<p><i>Pakistan Observer</i>, September 19, 2017; <i>The News</i>, September 19, 2017</p>
<p>Talking about the improved economic development of Pakistan under the CPEC, Minister for Interior and Planning Development & Reform, Ahsan Iqbal at the CPEC 50th Progress Review Meeting stressed upon the reforms of Board of Investment (BoI).</p>	<p>Ministry of Planning Development and Reforms, September 21, 2017</p>
<p>A delegation of China Railway Construction Corporation international appreciated the pace and transparency of CPEC projects in the leadership of Chief Minister Punjab Shahbaz Sharif who welcomed the Chinese investment.</p>	<p><i>Nawa-i-Waqt</i>, September 28, 2017</p>

Action/Visits	
The President of National Bank Pakistan (NBP) Saeed Ahmad visited Gwadar to gauge the business opportunities for NBP to play a significant role in the execution of CPEC.	<i>Pakistan Observer</i> , September 12, 2017 <i>The News</i> , September 12, 2017
President of the Karachi Chamber of Commerce and Industry Shamim Ahmed Firpo accused an Executive Member of FPCCI Mian Zafar Iqbal of portraying the part of KCCI's research report on CPEC as of his own.	<i>The News</i> , September 12, 2017; <i>Business Recorder</i> , September 12, 2017
The Prime Minister has assigned interior minister Ahsan Iqbal as the additional charge of heading planning and development ministry to oversee the execution of CPEC linked projects.	Shahbaz Rana, <i>The Express Tribune</i> , September 16, 2017
The State Bank of Pakistan (SBP) has issued a license to the Bank of China (BoC) to be operational in Pakistan. The BoC tends to provide financial assistance in CPEC-linked projects.	State Bank of Pakistan, September 18, 2017; Shahid Iqbal, <i>Dawn</i> , September 19, 2017
A delegation of Rawalpindi Chamber of Commerce and Industry attended the 21st Century Maritime Silk Road Expo in China to explore the business prospects under the CPEC.	<i>The Nation</i> , September 26, 2017
Report/Analysis	
A report said that the businessmen of Pakistan are concerned about China adopting tough visa policies after the CPEC.	Aamir Shafaat Khan, <i>Dawn</i> , September 2, 2017; <i>Financial Express</i> , September 2, 2017
A senior economist Kaiser Bengali argued in his interview with <i>The News on Sunday</i> that CPEC is not favorable for the economic growth of Pakistan but only valuable for the Chinese economic development.	Shahzada Irfan Ahmed, <i>The News on Sunday</i> , September 2, 2017
According to the Monetary Policy Committee (MPC) report, the tendency of inflation rate for current month can be accredited to the growing domestic demands under the CPEC.	Shahbaz Rana, <i>The Express Tribune</i> , September 5, 2017

The Small and Medium Enterprises Development Authority's report claimed that CPEC will open vistas of opportunities for the auto sector.	<i>The Express Tribune</i> , September 26, 2017
2. Provincial/regional developments and concerns	The Source
<i>Statements</i>	
Finance Minister Balochistan Sardar Aslam Bizenjo stated that the provincial development will be stimulated under CPEC, specifically a route via Khuzdar will trigger the employment opportunities.	Abdul Wahid Shahwani, <i>Dawn</i> , September 8, 2017
Minister for Kashmir Affairs and Gilgit Baltistan (GB) Muhammad Barjees Tahir stated that CPEC will accelerate the development of GB region and declared the construction of Diامر-Bhasha Dam and Gilgit-Chitral road projects under CPEC.	<i>The Express Tribune</i> , September 14, 2017
President Azad Jammu and Kashmir (AJK) Sardar Masood Khan appreciated the government efforts of relating AJK with the CPEC.	<i>The Express Tribune</i> , September 16, 2017
Azad Jammu & Kashmir Minister for Sports Chaudhary Saeed stated that AJK will benefit from CPEC and believed this mega project will accelerate the economic development of Pakistan and the region.	<i>The Nation</i> , September 28, 2017
<i>Action/Visits</i>	
Chief Minister Khyber Pakhtunkhwa Pervez Khattak instructed the provincial government to address the grievances of CPEC affectees and provide them the appropriate compensation.	<i>Pakistan Observer</i> , September 10, 2017; <i>The Express Tribune</i> , September 10, 2017
The Sindh provincial government has resisted financing of the CPEC linked special incentive package of locating Chinese industries to Pakistan and the Sindh Board of Investment (SBI) has urged the federal government to review the package.	Shahbaz Rana, <i>The Express Tribune</i> , September 16, 2017; Karachi Chamber of Commerce & Industry, September 16, 2017
Chief Minister Khyber Pakhtunkhwa Pervez Khattak delivered total 200 admissions letter to the	<i>Dawn</i> , September 19, 2017

professionals under the Chinese language learning program to enable them to take maximum benefits of opportunities under the CPEC.	
Human rights activists from Balochistan expressed their grievances against the CPEC in an event held on the sidelines of 36th Session of Human Rights Council in Geneva.	<i>Business Standard</i> , September 18, 2017; UNPO, September 18, 2017
To stimulate the execution of CPEC, the Frontier Work Organization (FWO) and government of KP are committed to build a city on a motorway near Swabi.	<i>Balochistan Express</i> , September 26, 2017
To ensure the development of the region and due share in CPEC, Pakistan Tehreek-e-Insaf (PTI) has called for the parliamentary report on Gilgit-Baltistan (GB).	<i>The News</i> , September 28, 2017
A Peshawar High Court has asked the federal government to check if the certain developmental projects including trade and western routes have been included in CPEC as per claimed by the KP Chief Minister.	<i>Dawn</i> , September 27, 2017
Sindh High Court has officially asked the attorney general to question the government development of the People of Thar under the CPEC.	Mohammad Husain Khan, <i>Dawn</i> , September 28, 2017
3. Socio-cultural	The Source
Action/Visits	
To conduct research on multiple aspects of CPEC and cooperation in other fields, the Punjab University and China's Nanjing University have signed a Memorandum of Understanding (MoU) to launch a joint research project.	<i>Dawn</i> , September 14, 2017; <i>The News</i> , September 14, 2017; <i>Nawa-i-Waqt</i> , September 14, 2017
The Chinese in-charge of CPEC at Kuzabanda base camp Mr. Liang distributed equipment to Special persons and widows to promote the people to people interaction under the CPEC.	<i>Dawn</i> , September 16, 2017
Report/Analysis	

<p>According to a newspaper report, the increasing number of Chinese nationals in Pakistan after the CPEC has been dominating, entrepreneurs are busy to cater their interests in terms of setting Chinese grocery stores and labeling stuff in the Chinese language.</p>	<p>Asad Hashim, <i>Al Jazeera</i>, September 3, 2017</p>
4. Security	The Source
Statements	
<p>Air Chief Marshal Sohail Aman stated that in association with other enforcement agencies, Pakistan Air Force (PAF) will ensure the invincible security of the CPEC projects.</p>	<p><i>Daily Times</i>, September 1, 2017</p>
<p>The Spokesperson Ministry of Foreign Affairs Nafees Zakria declared that fire in Awami Markaz could not damage the record of CPEC research unit that is safe in the digital form.</p>	<p>Shakeel Qara, <i>Dawn</i>, September 10, 2017; <i>Nawa-i-Waqt</i>, September 11, 2017; <i>Jang</i>, September 11, 2017</p>
<p>Interior Minister Ahsan Iqbal stated that the launch of CPEC has stressed the need of secured coastal borders. President Mamnoon Hussain stated that maritime security workshop is important for the CPEC execution.</p>	<p><i>Balochistan Express</i>, September 14, 2017 <i>K2</i>, September 26, 2017</p>
<p>Chief of Army Staff (COAS) Gen Qamar Bajwa stated that strict measures will be adopted against those who have been trying to sabotage the CPEC and other development projects.</p>	<p><i>K2</i>, September 28, 2017</p>
<p>Chief of naval staff Admiral Zakaullah stated that ensured maritime security is essential to the execution of CPEC linked projects.</p>	<p><i>The News</i>, September 27, 2017</p>
Action/Visits	
<p>To ensure the security of CPEC, Chinese ambassador to Pakistan Sun Weidong assured Chinese assistance in the capacity building of Pakistan's civil, armed forces.</p>	<p><i>Pakistan Observer</i>, September 18, 2017</p>

<p>To ensure the security projects, Interior Minister Ahsan Iqbal instructed the relevant departments to promote the capacity of security institutions.</p> <p>Baloch activists reached the United Nations and requested to ask the Pak forces stop operating in Kolwah and Awaran districts of Balochistan in the name of ensuring CPEC security.</p> <p>To promote the security of Chinese working under the CPEC, the government of Punjab tends to set the officials of Special Protection Unit (SPU) at Lahore and Islamabad airport to gather the information about visiting Chinese and other foreigners to Punjab.</p>	<p>Pervez Jabri, <i>Business Recorder</i>, September 18, 2017</p> <p>Areeba Falak, <i>Sunday Guardian</i>, September 24, 2017</p> <p>Mohammad Asghar, <i>Dawn</i>, September 26, 2017</p>
5. Progress on CPEC-linked projects	The Source
Statements	
<p>Deputy Chief Mission (DCM) of Chinese embassy in Islamabad, Lijian Zhao stated that corruption in CPEC related projects is not endurable, affirming that Chinese firm allegedly involved in the scam was never active in Pakistan.</p>	<p><i>The Nation</i>, September 1, 2017; <i>The Express Tribune</i>, September 1, 2017; Samaa TV, September 1, 2017; Geo TV, September 1, 2017; <i>Daily Times</i>, September 2, 2017; <i>The News</i>, September 2, 2017</p>
<p>The CEO of Sindh Engro Coal Mining Company (SECMC) Shamsuddin Ahmed Sheikh declared that the first water aquifer at Thar coal mining site has been drained while emptying the third aquifer would be challenging.</p> <p>Chinese Ambassador Sun Weidong stated that CPEC has entered the stage of early harvest, created around 20,000 local jobs. With a total investment of \$18.5 billion, 19 projects are under construction or completed.</p>	<p><i>The Express Tribune</i>, September 8, 2017</p> <p>Farooq Awan, <i>Daily Times</i>, September 11, 2017; <i>The Nation</i>, September 11, 2017; <i>Pakistan Tribune</i>, September 11, 2017</p>

<p>Planning Commission Deputy Chairman Sartaj Aziz stated that 17,000 megawatts would be produced under the CPEC and asserted that several CPEC projects were executed on the public-private partnership model.</p>	<p><i>The Express Tribune</i>, September 13, 2017; <i>The Nation</i>, September 13, 2017; <i>Nawa-i-Waqt</i>, September 13, 2017; <i>K2</i>, September 13, 2017 <i>Dunya</i>, September 14, 2017</p>
<p>Chairman of the steering committee Khawaja Ahmad Hassan stated that the construction of 24 out of 26 Orange line metro train stations have been completed. With the first installment of Train's carriage reaching Karachi tomorrow, total 23 trains will reach Lahore by the end of 2017.</p>	
<p>Chairperson Sindh Board Of Investment (SBI) Naheed Memon stated that CPEC has entered the second phase envisioning the larger cooperation between local and Chinese industries.</p>	<p><i>The Express Tribune</i>, September 15, 2017</p>
<p>National Highway Authority officials at the CPEC 50th Progress Review Meeting briefed about the feasibilities of provincial projects and informed that bidding process of Indus Highway Dualization projects has been completed.</p>	<p>Ministry of Planning Development and Reforms, September 21, 2017</p>
<p>Minister for Interior and Planning, Development & Reforms, Ahsan Iqbal informed that Diamir Bhasha and Mohmmand dams' finances will preferably be finalized by the end of the year and expressed disappointment with the conduct of Board of Investment (BoI) and inefficiency of provincial government regarding the development of SEZs.</p>	<p>Fawad Yousafzai, <i>The Nation</i>, September 22, 2017</p>
<p>Sindh Chief Minister Syed Murad Ali Shah declared that the Joint Working Group of CPEC has approved the Karachi Circular Railway (KCR) project and endorsed its execution under the CPEC.</p>	<p>Fawad Maqsood, <i>Business Recorder</i>, September 24, 2017; Hasan Mansoor, <i>Dawn</i>, September 24, 2017</p>
<p>Minister of State for Ports & Shipping Chaudhry Jaffar Iqbal said that CPEC liked projects have been realized with the positive impact on the economic development of Pakistan.</p>	<p><i>Nawa-i-Waqt</i>, September 26, 2017</p>

<p>Sindh Chief Minister Syed Murad Ali Shah termed the Karachi Circular Railway (KCR) and Keti Bandar as significant power projects of CPEC and informed that the KCR entered the implementation stage.</p>	<p><i>Business Recorder</i>, September 30, 2017; Habib Khan Ghori, <i>Dawn</i>, September 30, 2017</p>
<p>Action/Visits</p>	
<p>To stretch and promote the development of Indus Highway, the federal government has decided to bring it under the CPEC.</p>	<p><i>The News</i>, September 5, 2017; Imaduddin, <i>Business Recorder</i>, September 5, 2017</p>
<p>The Executive Board of the National Highway Authority has allowed to build two sections of the Yakmach-Kharan road in Balochistan that yield a conducive link with the Nokundi-Mashkel-Panjgur road of CPEC.</p>	<p>Sehrish Wasif, <i>The Express Tribune</i>, September 8, 2017</p>
<p>Chinese Finance Minister Xiao Jie greeted Pakistan's Finance Minister Ishaq Dar in China and acknowledged Pakistan's efforts for the timely execution of CPEC.</p>	<p><i>The Nation</i>, September 10, 2017; <i>Global Times</i>, September 10, 2017; <i>Balochistan Express</i>, September 11, 2017</p>
<p>The Ministry of Planning, Development and Reform has appointed additional secretary Zafar Hassan as the permanent Project Director of CPEC support project in place of Hassan Daud Butt, who worked on ad-hoc basis.</p>	<p>Fawad Yousafzai, <i>The Nation</i>, September 15, 2017</p>
<p>The federal government has authorized the construction of two expressways to link Malakand division with CPEC.</p>	<p><i>Pakistan Observer</i>, September 17, 2017; The Baloch House, September 18, 2017; <i>The Nation</i>, September 18, 2017</p>
<p>Advisor to Punjab Chief Minister Khawaja Hassan informed about the first stock of Orange Line Metro Train that has been dispatched from Karachi to Lahore.</p>	<p><i>Dawn</i>, September 21, 2017</p>

<p>The 50th CPEC review meeting will review the progress of ongoing CPEC projects and finalize the long term cooperation plan (2015-2030).</p>	<p>Karachi Chamber of Commerce and Industry, September 21, 2017; <i>The News</i>, September 21, 2017</p>
<p>The Chinese government ascertained to add four new road projects of worth over Rs350 billion into CPEC.</p>	<p>Sehrish Wasif, <i>The Express Tribune</i>, September 24, 2017; <i>The Peninsula</i>, September 25, 2017.</p>
<p>For the construction of Eastbay Expressway, the China Communication Construction Company and Gwadar Port Authority signed a memorandum of understanding (MoU).</p>	<p><i>Dawn</i>, September 25, 2017; <i>Jang</i>, September 25, 2017; <i>The Express Tribune</i>, September 26, 2017</p>
<p>In the 5th meeting of CPEC joint working group on transport infrastructure, China and Pakistan remained committed to stimulate the timely execution of CPEC and reviewed the progress of CPEC linked projects. Chairman Higher Education Commission (HEC) Dr Mukhtar Ahmad said that a plan to set relevant technical training institutes along the CPEC route has been presented to Planning Commission of Pakistan.</p>	<p><i>Balochistan Express</i>, September 25, 2017 Hassan Abbas, <i>Business Recorder</i>, September 29, 2017</p>
<p>Report/Analysis</p>	
<p>According to the National Electric Power Regulatory Authority (NEPRA), a Chinese firm will launch a power plant of 300 MW in Gawadar that will be operational by April 2021.</p>	<p><i>Nawa-i-Waqt</i>, September 15, 2017</p>
<p>An official reported that Pakistan Railways tends to study the viability of connecting Havelian with Khunjrab under the CPEC.</p>	<p><i>The News</i>, September 19, 2017</p>
<p>A report claimed that the up-gradation of Pakistan railway's mainline track (ML1) and the establishment of Prioritized Special Economic Zones (SEZs) under the</p>	<p>Shahbaz Rana, <i>The Express Tribune</i>, September 22, 2017</p>

CPEC suffering delay due to the inefficiency of federal and provincial government.

A newspaper article said the Karot Hydropower Station is likely to be completed by the start of the year 2020, about nine months earlier of its completion date. *The Express Tribune*, September 25, 2017

B

BILATERAL (PAK-CHINA) PERSPECTIVE

1. CPEC	The Source
Statements	
Finance Minister Ishaq Dar commended the strong Pak-China bilateral relations under the CPEC.	<i>The Express Tribune</i> , September 9, 2017
Chinese Deputy Chief Economist, Dr. Xu Hongcai said that CPEC is a symbolic project for the economic development of Pakistan.	<i>The Nation</i> , September 14, 2017
Minister for Planning Development and Reforms Ahsan Iqbal said while talking to the Chinese ambassador to Pakistan Sun Weidong that they will jointly defend plots against CPEC.	<i>The Nation</i> , September 16, 2017
Vice President of Kashgar Chamber of Commerce and Industry (KCCI) Zhang Shu Zhi emphasized the significance of bilateral cooperation among private sectors and Chinese willingness to explore the CPEC linked business opportunities.	Parvez Jabri, <i>Business Recorder</i> , September 25, 2017; <i>Dawn</i> , September 26, 2017; <i>The Express Tribune</i> , September 26, 2017
Deputy Chief of Mission (DCM) and Minister Counsellor at Chinese Embassy Lijian Zhao stated that the disqualification of Muhammad Nawaz Sharif had little impact on the coordination of CPEC projects, though the overall execution of CPEC remained unaffected.	Waseem Abbasi, <i>The news</i> , September 30, 2017; Haider Ali Sindhu, <i>Daily Pakistan</i> , September 30, 2017

Report/Analysis

A newspaper report invalidated the media's revelation about the former Chairman the Security Exchange Commission of Pakistan (SECP) Zafarul Haq Hijazi for hiding the facts about Chinese company's alleged money laundering case information. Fakhar Durrani, *The News*, September 1, 2017; Fakhar Durrani, *Jang*, September 1, 2017

The Chinese embassy in Pakistan revealed that due to CPEC, total 7.8% growth in visa issuance has been observed in the first eight months of the recent year 2017. *Dawn*, September 19, 2017

Action/Visits

Vice Minister, Chinese Ministry of Commerce, Wang Shouwen agreed to revise the Free Trade Agreement (FTA) in favour of Pakistan and stated that execution of the second phase of China-Pakistan FTA will enable Pakistan to enhance its exports to China on low tariffs, drawing in more Chinese investment in upcoming years. Imaduddin, *Business Recorder*, September 14, 2017; *The News*, September 15, 2017; *Nawa-i-Waqt*, September 15, 2017; *Dunya*, September 15, 2017

2. Bilateral Relations**The Source****Statements**

Chinese Foreign Ministry spokesperson Hua Chunying showed interest to work with Pakistan against terrorism and stated that China doesn't consider Pakistan's counter terrorism effort to be a relevant subject for the BRICS summit. *The News*, September 2, 2017

Foreign Minister of China Wang Yi said that China is committed to strengthening the strategic bilateral relations and ensured its support to promote regional peace and stability. *Jang*, September 8, 2017; *The Nation*, September 8, 2017

Minister for Commerce and Textile Pervaiz Malik stated that government of Pakistan is interested to set more joint *Dawn*, September 17, 2017

<p>ventures with China to promote its trade at the regional level.</p> <p>Chinese ambassador Sun Weidong stated that China will continue to play a significant role in the socio-economic development of Pakistan, safeguarding its sovereignty and urged the international community to acknowledge Pakistan's efforts in the war against terrorism.</p>	<p><i>Nawa-i-Waqt</i>, September 26, 2017; Farooq Awan, <i>Daily Times</i>, September 26, 2017; Pak Tribune, September 26, 2017</p>
<p>Action</p>	
<p>Pakistani and Chinese air forces' joint training exercise will continue to proceed till September 27, 2017 that will help to promote bilateral air force cooperation.</p>	<p><i>Balochistan Express</i>, September 11, 2017; <i>Nawa-i-Waqt</i>, September 15, 2017</p>
<p>Chinese Counsel General Long Dingbin called on Punjab Chief Minister Shahbaz Sharif to discuss the development of bilateral relations and delivered a letter from the Communist Party of China applauding his efforts for speedy execution of CPEC.</p>	<p>Fawad Maqsood, <i>Business Recorder</i>, September 23, 2017; <i>The Express Tribune</i>, September 24, 2017; <i>The News</i>, September 24, 2017; <i>Balochistan Express</i>, September 25, 2017</p>
<p>The Asian Development Bank (ADB) chose Maaqbol-Calson China engineering joint venture for the construction of the Package 1 of the Peshawar Bus Rapid Transit Corridor.</p>	<p>Manzoor Ali, <i>Dawn</i>, September 26, 2017</p>
<p>Official Visits/Exchange</p>	
<p>Pakistan ambassador Masood Khalid and the Party Secretary of Datong Zhang Jifu highlighted during the cultural exhibition held in Datong, Shanxi Province of China the bilateral friendship and enhanced cooperation under the Belt and Road Initiative (BRI).</p>	<p>China.org.cn, September 26, 2017</p>

Report/Analysis

Rejecting the adjacent state's concerns over the Pak-China air forces joint exercise, the Chinese authorities called it a usual exercise.

The News, September 25, 2017;
Nawa-i-Waqt,
September 25, 2017

C

REGIONAL / INTERNATIONAL DYNAMICS

1. On CPEC and Geo-economic Connectivity	The Source
Statements	
President Xi Jinping stated on the sidelines of the 9th BRICS Summit that CPEC is an integral part of the Belt and Road Initiative (BRI).	China Pakistan Economic Corridor, September 5, 2017
Islamabad Chamber of Small Traders (ICST) issued a statement that CPEC will promote the new global economic order which will stimulate the economic development of third world countries.	<i>Pakistan Today</i> , September 4, 2017; <i>The News</i> , September 5, 2017
Islamabad Chamber of Commerce and Industry (ICCI) called the US investors to join CPEC as it offers great business opportunities.	<i>Pakistan Observer</i> , September 7, 2017
Saudi Arabian Envoy to Pakistan Admiral (retd) Nawaf Ahmad Al-Maliki stated that Saudi Arabia will play a significant role in the execution of CPEC project.	Sabah, <i>The News</i> , September 11, 2017
President Mamnoon Husain stated that completion of CPEC will stimulate the economic development, boost the status of Pakistan in the region.	<i>Nawa-i-Waqt</i> , September 13, 2017; <i>The Nation</i> , September 13, 2017
Chief Minister Khyber Pakhtunkhwa Pervez Khattak stated that KP government intent to include Central Asian states into CPEC due to the Wakhan strip connectivity in the region.	Online international news network (OINN), September 18, 2017

Islamabad Policy Research Institute and the Hanns Seidel Foundation organized a national conference on CPEC where Interior Minister Ahsan Iqbal and Ambassador of China Mr. Sun Weidong termed CPEC as the source of regional cooperation.	<i>Pakistan Observer</i> , September 20, 2017
Iranian Ambassador to Pakistan Mehdi Honardoost stated that development of the Pakistan-Iran gas pipeline would be vital to meet CPEC linked energy demands.	<i>The Express Tribune</i> , September 22, 2017; Islamic Republic News Agency, September 22, 2017; IREX2WORLD, September 22, 2017
Saudi Arabian Envoy to Pakistan Admiral (retd) Nawaf Ahmad Al-Maliki declared that Saudi Arabia tends to join CPEC by investing in Gawadar Port to promote the development of Pakistan.	Asim Yaseen, Tahir Khalil, Tanveer Hashmi, <i>The News</i> , September 22, 2017; <i>Business Standard</i> , September 22, 2017; <i>Qatar Tribune</i> , September 24, 2017; Z News, September 24, 2017
Foreign Minister Khawaja Muhammad Asif stated that CPEC would help curtail regional political tensions.	<i>The Nation</i> , September 28, 2017
Minister for Interior and Planning Development & Reform, Ahsan Iqbal stated in a conversation with the Secretary General of Shanghai Cooperation Organization, Rashid Alimov in Beijing that CPEC would ensure regional connectivity.	ARY News, September 28, 2017
Action/Visits	
President Mamnoon Hussain offered Tajikistan to join CPEC, claimed it will be favorable for the economic development of Tajikistan.	Song Lifang, <i>Xinhua</i> , September 17, 2017; <i>The News</i> , September 17, 2017; <i>Dawn</i> , September 18, 2017
To stimulate the foreign investment in CPEC, particularly from the European Union (EU) countries, Bridging Trade	<i>The News</i> , September 15, 2017;

International (BTI) is certain to hold an international conference in Portugal from October 12 to 15.	<i>Pakistan Observer</i> , September 15, 2017
Report/Analysis	
A newspaper report quoted British High Commissioner Thomas Drew as saying that CPEC will be beneficial for the stakeholders of the UK who has been keen to invest in this flagship project.	Imran Rana, <i>The Express Tribune</i> , September 15, 2017
A report underscored a suggestion from a Chinese academician Shen Dingli that Chinese government should consider the Indian concerns regarding the CPEC because it is passing through a disputed territory between India and Pakistan.	Sandip Dighel, <i>The Times of India</i> , September 16, 2017; <i>India Today</i> , September 16, 2017
A report said that China is committed to the completion of Karot Hydropower Project in Azad Jammu Kashmir (AJK). Although the economic development of AJK would help China to invest further in the region.	Hu Weijia, <i>Global times</i> , September 20, 2017; Parvez Jabri, <i>Business Recorder</i> , September 21, 2017; <i>The Express Tribune</i> , September 22, 2017
The establishment of Hind-Baloch Forum in India supporting Baloch nationalist actually aims to sabotage the execution of CPEC.	Waqar Ahmed, <i>The News</i> , September 22, 2017
2. On Pak-China Bilateral Cooperation	The Source
Action/Visits	
Interior Minister Ahsan Iqbal discredited the media report after the BRICS declaration asserting China had changed its policy towards Pakistan.	<i>Dawn</i> , September 14, 2017
Report/Analysis	
A newspaper report said that Chinese entrepreneurs have expressed their willingness for joint ventures and to set industrial units in Pakistan.	Khalid Hasnain, <i>Dawn</i> , September 10, 2017

3. Regional Dynamics of CPEC Security	The Source
Statements	
<p>Pakistani Army Chief Gen. Qamar Javed Bajwa stated on Pakistan's Defence Day that CPEC would ensure regional peace and stability.</p>	<p><i>Xinhua</i>, September 7, 2017; Kamran Yousaf, <i>The Express Tribune</i>, September 7, 2017; <i>The News</i>, September 7, 2017</p>
<p>Interior Minister Ahsan Iqbal said that Pakistan had strictly followed the Kulbhushan Yadav's case in an international court for it is the evidence of Indian plan to disrupt CPEC.</p>	<p><i>The News</i>, September 12, 2017; <i>The Indian Express</i>, September 12, 2017; <i>Hindustan Times</i>, September 12, 2017; <i>Business Standard</i>, September 12, 2017</p>
<p>Former president Islamabad Chamber of Commerce & Industry Atif Ikram Sheikh stated that opposition of some states will not be able to halt execution of CPEC.</p>	<p><i>Pakistan Observer</i>, September 20, 2017; Saeed Ahmed, <i>The News</i>, September 25, 2017;</p>
<p>Defense Minister Khurram Dastgir Khan accused India in a national conference for supporting terrorist activities against CPEC. Pakistan's National Security Adviser Nasser Khan Janjua stated that certain international and regional states are trying to sabotage the CPEC.</p>	<p><i>The Express Tribune</i>, September 20, 2017; <i>Jang</i>, September 21, 2017 <i>Economic Times</i>, September 27, 2017; Sehrish Wasif, <i>The Express Tribune</i>, September 27, 2017; <i>India Today</i>, September 27, 2017</p>

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

Though Pakistan's all provinces and regions appear largely satisfied with the way the CPEC is moving forward, certain concerns mainly related to execution priorities and provincial share in the project still remain. For instance, the Sindh Board of Investment requesting to review the package of locating Chinese industries to Pakistan, Baloch nationalists seeking for share in the projects, and residents of Thar asking for details about their share – all reflect on the local aspirations to get maximum benefit from the CPEC. These local aspirations, if remained unattended, could eventually feed into rhetoric against CPEC.

Another set of local concerns call for enhancing focus on local industries, including agriculture-based, and human resource in the larger CPEC scheme. Also, the preferential treatment and tax exemption for the Chinese investors have been bothering the Pakistani business leaders, who demand that the government of Pakistan should also ensure the same preferential treatment from the Chinese administration.

Project Implementation and New Initiatives

The political turmoil in Pakistan since the disqualification of former Prime Minister Muhammad Nawaz Sharif could not hamper the pace of CPEC-linked projects on the ground. Even though Ahsan Iqbal was sworn in as interior minister, he was later on given additional charge of the ministry of PDR, more so to ensure continuity in CPEC projects. Ahsan Iqbal's instruction for speedy implementation and completion of Gwadar water supply and power plant projects, which are important for the social uplift of the local population, depict that continuity.

However, the investment details of CPEC projects, ongoing and completed, need to be publicized to ensure the transparency.

Regional Context

India continues to object to CPEC. The growing bonhomie between US and India lead some to wonder if Chinese influence is being undercut. Interestingly, India's fault-finding with CPEC on the grounds that it passes through "disputed territory" has the potential of bringing that very territory in international arena, a position India itself may not like.

India seems more interested in internationalizing the issue of regional terrorist groups. When the BRICS declaration denounced by name certain Pakistan-based militant groups, the move was hailed in India as diplomatic victory. In Pakistan, the move elicited mixed response, with a consensus though of eradicating terrorism.

On the plus side, the willingness of other regional states i.e. Iran, UK, and Saudi Arabia to join the CPEC indicates the project's potential for the regional peace and development.

CPEC security

A peaceful environment is a prerequisite for the execution of any initiative, including CPEC. The government has decided to promote the capacity of security institutions to address the issues of CPEC security, yet it is necessary to address local grievances timely to avoid their rupture into any conflict.

(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.)