



October 2017

A review of national, bilateral  
and regional dynamics



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## Executive Summary

Results of some CPEC projects are now trickling down. The mega initiative is credited with the drop in power outages in the country; at the same time, many local industrialists are increasingly demanding that they should be given the same privileges as the Chinese investors in Pakistan. Publically sharing the corridor's details will clarify these issues.

Hope continues to be pinned on the impact of CPEC on the economy of Pakistan. As per one estimates, the benefits of CPEC will be three times the national budget. One of the most significant developments has been felt on the energy sector. As of now, five power projects have been completed, credited for eliminating some power outages. Twenty-four others are yet to be completed.

Still, delays persist too, especially on the critical railway system meant for Karachi. Meanwhile, several Pakistani industrialists called for prioritizing the country's own industry first. They feared that the Chinese might be given special incentive packages than the Pakistanis, thereby squeezing out Pakistanis from its own market. A statement by a top Chinese envoy allayed such concerns, but the emergence of such concerns calls for laying down the details in the open.

Socio-political-wise, the situation is broadly smooth. However, parties in Balochistan still call for prioritizing the western route. A community in Battagram district warned of protest in case they are not compensated as per market rate.

October also saw emergence of slight concerns regarding CPEC. A hand grenade attack in Gwadar port that left 26 workers injured. To allay any fears, two new special protection unit were raised, one in Gilgit-Baltistan (GB) and another in Sindh, while Punjab gave the same task to the already-functional Dolphin forces. These are in addition to the existing forces for the same tasks.

Inside the region, Afghanistan remained conditionally reluctant to join, albeit conditionally. It says that it will join if it is provided direct access to Indian markets. Pakistan remains wary of India on CPEC. When US Secretary of Defense expressed concern that the Belt and Road Initiative (BRI), of which CPEC is a part, goes through dispute territory, Pakistani officials knew the reference is towards CPEC. India has been calling into question the status of the territory.

Inside Pakistan, Mattis's statement was set aside; meanwhile, members of the GB assembly condemned Mattis's statement, but also asked the central government to decide about the constitutional status of their area.

A

# NATIONAL PERSPECTIVE ON CPEC

| 1. Politico-economic   | The Source   |
|--|--|
| <b>Statements</b>  |  |
| Federal Interior Minister Ahsan Iqbal stated that CPEC offers regional connectivity, ensuring that it will be executed smoothly besides rebuffing doubts of opposing states against CPEC.                      | <a href="#"><i>The Express Tribune, October 1, 2017;</i></a>                 |
| Director Board of Investment (BoI) Zulfiqar Ali stated that the toll revenue earned from the route of CPEC after its completion will be thrice the national budget.  | <a href="#"><i>Balochistan Express, October 11, 2017</i></a>                 |
| Deputy Chairman Planning Commission of Pakistan Sartaj Aziz said the government plans to take up problems faced by the industrial sector of Pakistan, besides establishing export processing zones under CPEC. | <a href="#"><i>Jawwad Rizvi, The News, October 5, 2017;</i></a>              |
| Chairman Parliamentary Committee on CPEC Senator Mushahid Hussain ensured that economic development of Pakistan is secured under the CPEC.   | <a href="#"><i>Board of Investment, October 5, 2017</i></a>                  |
| Secretary Board of Investment (BoI) Azher Ali reaffirmed that establishment of SEZs under the CPEC would significantly contribute in stimulating the economic development of Pakistan.                         | <a href="#"><i>Business Recorder, October 5, 2017</i></a>                    |
| Minister for Interior, Planning, and Development Ahsan Iqbal stated that the Long-Term Plan for the CPEC will  | <a href="#"><i>Balochistan Express, October 16, 2017</i></a>                 |
|  | <a href="#"><i>Mohammad Arshad, Pakistan Observer, October 17, 2017;</i></a> |
|  | <a href="#"><i>The Nation, October 17, 2017</i></a>                          |
|  | <a href="#"><i>The Nation, October 26, 2017;</i></a>                         |

be approved in the 7<sup>th</sup> Joint Cooperation Committee (JCC) meeting to be held in November in Islamabad. [The Indian Express, October 26, 2017;](#)  
[The Economic Times, October 26, 2017](#)

### **Action/Visits**

The All Pakistani Gems Merchants and Jewellers Association (APGMJA) has formed a committee to stimulate the jewelry export under the CPEC. [Usman Hanif, The Express Tribune, October 22, 2017](#)

### **Report/Analysis**

A media report projected growth of Pakistan's real estate business under the CPEC. [Sabir Shah, The News, October 1, 2017](#)

As per a comparative analysis, the services sector, followed by manufacturing sector, remained positive about impact of CPEC, than retail sector. [Shahram Haq, The Express Tribune, October 1, 2017](#)

President of Pakistan Businessmen and Intellectuals Forum (PBIF) Mian Zahid Hussain specified that to promote Pakistan's iron industry, the local market should provide steel for the CPEC-linked projects rather importing it from China. [Business Recorder, October 3, 2017](#)

The Director Board of Investment (BoI) Zulfiqar Ali informed that BoI has decided to set a long-term plan to maximize the CPEC-linked advantages and increase the Foreign Direct Investment (FDI). [The Express Tribune, October 5, 2017](#)

Although the inflow of Foreign Direct Investment (FDI) under the CPEC power projects is assumed to have increased, there was an overall decline of about 31.4% in the FDI. The State Bank of Pakistan (SBP) pointed to CPEC-linked power projects for this trade imbalance. [Nasir Jamal, Dawn, October 16, 2017](#)

As per a news report, CPEC will be more beneficial for China than Pakistan because of its small contribution for direct financing in the CPEC projects. [Business Standard, October 29, 2017](#)

A New York-based rating agency Standard & Poor's declared Pakistan's stable economic and fiscal outlook, and expected Pakistan's trade balance will go downward due to the increased imports under the CPEC. [Khaleeq Kiani, Dawn, October 31, 2017](#)

| 2. Provincial/regional developments and concerns   | The Source   |
|--|--|
| <b>Statements</b>  |  |
| <p>The acting Prime Minister of Azad Jammu &amp; Kashmir (AJK) Raja Nisar affirmed that heavy investment in the CPEC projects will be helpful for the development of Pakistan and AJK.</p>   | <p><a href="#">The Express Tribune, October 20, 2017</a></p>   |
| <b>Actions</b>   |  |
| <p>The Sarhad Chamber of Commerce and Industry's President Zahidullah Shinwari has requested the federal government for the "due share" of Khyber Pakhtunkhwa in CPEC and the compensation to investors who suffered from the continued militancy in the region.</p> | <p><a href="#">Dawn, October 1, 2017</a></p>   |
| <p>The people of Battagram district warned the government of protest against CPEC, if they are not provided the market value of their land being used for this mega project.</p>   | <p><a href="#">Dawn, October 5, 2017</a></p>   |
| <p>The Balochistan Assembly Speaker Rahila Durani appreciated the development in Balochistan under the CPEC, assuring the unity of federal and provincial governments about CPEC projects in Balochistan.</p>  | <p><a href="#">Balochistan Express, October 11, 2017</a></p>   |
| <p>Treasury and opposition legislators in the Gilgit Baltistan's Legislative Assembly condemned the US Defence Secretary's unfavorable remarks on CPEC but also insisted that the federal government settle the constitutional status of GB.</p>                     | <p><a href="#">Dawn, October 12, 2017</a></p>  |
| <p>Chief Secretary Balochistan Aurangzeb Haque stated that the successful execution of CPEC, mainly Gwadar port, would open new vistas of opportunity and prompt the development of the region.</p>  | <p><a href="#">The Nation, October 17, 2017;</a><br/><a href="#">Dawn, October 18, 2017</a></p>  |
| <p>Chief Minister Khyber Pakhtunkhwa (KP) Pervez Khattak stated that he will head a monitoring and implementation committee including the representatives of federal and provincial government to stimulate the pace of work on Circular Railway Project</p>         | <p><a href="#">Mian Bilal, Aftab, October 17, 2017;</a><br/><a href="#">Khyber, October 18, 2017;</a><br/><a href="#">Dawn, October 18, 2017;</a><br/><a href="#">The Express Tribune, October 18, 2017;</a></p> |

|  |   |
|--|---|
| and other communication-related CPEC projects as per the international standard.<br>The President of Sarhad Chamber of Commerce and Industry (SCCI) Zahidullah Shinwari has urged the federal government to provide incentives to local investors similar to the Chinese investors under the CPEC. | <a href="#">Dawn, October 31, 2017</a>  |
| <b>Report/Analysis</b>   |   |
| The Chairman of Senate Standing Committee on Communications Dawood Khan Achakzai reminded that the government has been ignoring the projects on the western route of CPEC.   | <a href="#">Tahir Amin, Business Recorder, October 21, 2017</a>   |
| <b>3. Socio-cultural</b>   | <b>The Source</b>   |
| <b>Statements</b>  |   |
| <b>Action/Visits</b>   |   |
| The KP Technical Education and Vocational Training Authority (TEVTA) has introduced language courses and technical education to promote the CPEC execution.  | <a href="#">Asad Zia, The Express Tribune, October 30, 2017</a>   |
| <b>Report/Analysis</b>   |   |
| A skilled engineer girl from Thar is the only female candidate recruited as a site engineer on Thar coal power project.  | <a href="#">Mehmood Idrees, Daily Pakistan, October 4, 2017</a>   |
| <b>4. Security</b>   | <b>The Source</b>   |
| <b>Statements</b>  |   |
| The Chief Minister Punjab Shahbaz Sharif declared that the Dolphin force, which was originally set up against street crime, has been set up for the security of CPEC projects in Punjab. Apparently, its mandate has been expanded.  | <a href="#">Daily Times, October 21, 2017;</a><br><a href="#">Anwar Bangash, Khyber News, October 21, 2017;</a><br><a href="#">Hamza Jaffery, Daily Aftab, October 21, 2017</a> |
| <b>Security Incidents</b>  |   |
| Two Chinese engineers were injured in a train accident at Jhok Ditta, Sattiana.  | <a href="#">Dawn, October 4, 2017</a>   |



A hand grenade attack in Gwadar Port left 26 workers injured, triggering the CPEC security concerns. There has been no claimant of the attack. [Gul Yousafzai, Reuters, October 20, 2017;](#)

### **Action/Visits**

Home Secretary Gilgit Baltistan (GB) declared that the federal government has decided to set a Special Protection Unit (SPU) of 700 security personnel in GB. [Jamil Nagri, Dawn, October 6, 2017](#)

For the security of CPEC and non CPEC projects, Rs 2.5 billion has been approved for Special Protection Unit (SPU) force in GB. [The Express Tribune, October 21, 2017;](#)

[The Nation, October 22, 2017](#)

Based on the intelligence rumour about terrorist's plan to attack the newly-appointed China's ambassador to Pakistan, Yao Jing, the Chinese authority has urged Pakistan government to adopt instant security measures. [The Express Tribune, October 21, 2017;](#)

[The Economic Times, October 22, 2017;](#)

[Times of India, October 22, 2017;](#)

[The Hindu, October 23, 2017](#)

Sindh police have decided to set two additional specialized units in Sindh to ensure the security of CPEC workers. The unit included total 1,358 personnel mostly retired army men, and additional 1,469 personnel are to be recruited. [Imtiaz Ali, Dawn, October 28, 2017](#)

### **Report/Analysis**

The Higher Education Commission (HEC) and the Chinese Academy of Sciences (CAS) agreed to set the China-Pakistan Joint Research Centre in Earth Sciences in Islamabad, that will ensure the systematic utilization of ecological and environmental resources, the security of CPEC and promote the regional sustainable development. [The Nation, October 28, 2017;](#)  
[The Express Tribune, October 28, 2017](#)

| 5. Progress on CPEC-linked projects   | The Source  |
|---|---|
| <b>Statements</b>   |   |
| Chinese Deputy Chief of Mission Zhoa Lijian stated that in two years, total 1820 megawatts of electricity were added to the national grid of Pakistan under the CPEC, helped to reduce the duration of load shedding in Pakistan. As per plan, around 17000 megawatts will be added in the national grid by 2018. | <a href="#">The News, October 6, 2017</a>   |
| The outgoing Chinese ambassador to Pakistan Sun Weidong stated the project has come into the stage of early harvest.  | <a href="#">The Express Tribune, October 11, 2017</a>   |
| Senator Usman Khan Kakar expressed his concerns about the slow pace of development of CPEC western route. On contrary, chairman National Highway Authority assured the construction of roads under the western route after the Chinese administration approves fund and framework of projects.                    | <a href="#">K2, October 11, 2017</a>  |
| Minister for Interior, Planning Development, and Reforms Ahsan Iqbal stated that energy projects of CPEC would help end the load shedding within few months.  | <a href="#">Balochistan Express, October 16, 2017</a>   |
| The Deputy Project Director CPEC Hassan Dawood stated that "nine economic zones" will be established under the CPEC and that "more good news" is expected in the upcoming 7 <sup>th</sup> meeting of JCC.   | <a href="#">Nawa-i-Waqt, October 17, 2017</a>   |
| A Chinese envoy to Pakistan, Lijian Zhao, stated that CPEC execution now has entered in the 2 <sup>nd</sup> phase of industrial cooperation.  | <a href="#">Shahbaz Rana, Express Tribune, October 17, 2017;</a><br><a href="#">Mehtab Haider, The News, October 17, 2017</a> |
| Minister for Railways Khawaja Saad Rafique stated that the delayed up-gradation of Karachi-Peshawar Railway line, or Main Line One (ML-1), would hurt the economic development of Pakistan and that \$ 30 billion is required for the complete revitalization of Railway.   | <a href="#">Shahram Haq, The Express Tribune, October 17, 2017</a>  |

A Chinese envoy to Pakistan Lijian Zhao declared that both sides agreed to treat equally all the investors of the SEZs under CPEC.

[Shahbaz Rana, \*The Express Tribune\*, October 18, 2017](#)

The spokesman of 19<sup>th</sup> Congress of the CPC, Tuo Zhen, discredited the reports against China recruiting its own labour in CPEC projects, asserting Chinese firms have opened vistas of job opportunities for the local communities since 2013.

[Times of India, October 19, 2017](#)

Minister of State for Interior Muhammad Talal Chaudhry informed that total 5 power projects have been completed in Punjab and Sindh, while 24 other energy projects will be completed across Pakistan under the CPEC.

[Muhammad Irfan, \*Daily Pakistan\*, October 25, 2017](#)

#### **Action/Visits**

The first batch of Orange Line Metro Train, including bogeys and engines, reached Lahore while three-fourth of the project has been constructed.

[Dawood Rehman, \*Daily Pakistan\*, October 2, 2017;](#)  
[Dawn, October 3, 2017;](#)  
[Nawa-i-Waqt, October 3, 2017](#)

Senate Standing Committee on Planning and Development gave fifteen days to Pakistan Railway and Sindh government to address the delay in executing Karachi Circular Railway (KCR) project.

[Kalbe Ali, \*Dawn\*, October 10, 2017](#)

Awami National Party's (ANP) Balochistan President criticized the "federal government's discriminatory attitude" for the implementation of CPEC related projects in Balochistan.

[Dawn, October 10, 2017](#)

A unit of China International Engineering Consulting Corporation (CIECC) arrived in Pakistan to discuss the feasibility of SEZs and decide which SEZ will be started first.

[Dawn, October 13, 2017](#)

President Azad Jammu & Kashmir (AJK) Sardar Masood Khan, during his visit to Poonch division, said that AJK has been "inextricably linked" to CPEC, citing two power projects there.

[Fawad Maqsood, \*Business Recorder\*, October 15, 2017;](#)

[Kashmir Watch, October 15, 2017;](#)

Senator Sherry Rehman filed adjournment motion calling for discussion on “irregularities” of Rs 400 billion in the CPEC projects. The motion cited Auditor General’s observation of “massive irregularities in the federal government’s road projects.”

The Central Development Working Party (CDWP) approved a “governance sector projects” – the CPEC support project”, costing Rs732 million.

Ministry of Planning, Development, and Reform rejected the rumor that a Chinese company invested \$500 million in Gwadar’s real estate project.

Pakistan’s railway has completed the survey of three routes in order to link the mainline to Gwadar.

National Vocational and Technical Training Commission (NVTEC) urged Chinese government to establish technical institutions along the CPEC route to produce the skilled labour.

A Chinese bank-led corporation has decided to finance \$1.5 billion for coal-fired power plants of 1,320 megawatts and an embankment in Balochistan.

[Balochistan Express, October 16, 2017](#)

[Nadir Guramani, Dawn, October 20, 2017](#)

[Shahbaz Rana, The Express Tribune, October 20, 2017](#)

[Pakistan Today, October 23, 2017](#)

[IBC Urdu, October 22, 2017](#)

[Zaheer Abbasi, Business Recorder, October 23, 2017](#)

[The News, October 31, 2017](#)

### **Report/Analysis**

The fiber optic cables along the CPEC will connect Pakistan with the world, thereby reducing its dependency on submarine cables. The move is also seen as apparently addressing the security issue, as the existing network has been developed by a consortium involving Indian companies; at the same, concern is expressed if the internet from the new cables will be strictly regulated.

A group of World Bank officials visited Dassu Hydropower Project, expressed satisfaction over the pace of progress, and affirmed that the grievances of those affected will be addressed by their local government.

[Qurat-ul-Ain Siddiquie, Jahanzeb Haque, Dawn, October 1, 2017;](#)

[The Times of India, October 1, 2017;](#)

[The Indian Express, October 1, 2017](#)

[Dawn, October 12, 2017;](#)

[The News, October 12, 2017](#)

A newspaper report quoted that the Auditor General of Pakistan (AGP) has observed flaws of hundreds of billions of rupees in road projects of National Highway Authority (NHA), including some CPEC projects.

[Syed Irfan Rana, Dawn, October 19, 2017](#)

A newspaper report said that Pak-China fiber optic project will be completed at the end of this year or in the start of 2018.

[Dunya, October 18, 2017](#)

The rapid pace of CPEC projects has triggered Foreign Direct Investment (FDI) in the energy, communication and infrastructure sector of Pakistan, and China emerged as the biggest source of FDI in Pakistan.

[Jang, October 20, 2017](#)

As per media report, the Hubco Coal Power Plant, consists of two power plants with a total predicted output of 1.32 gigawatts has signed loan contract of \$ 1.5 billion with a group of Chinese banks led by Chinese development bank.

[The Express Tribune, October 25, 2017](#)

Managing Director Private Power and Infrastructure Board (PPIB) informed that the board is managing the portfolio of 32 IPPs of more than 20500 MW, out of which 12 projects are being implemented under the CPEC.

[Business Recorder, October 26, 2017](#)

The PPIB approved the construction of a 1,250-megawatt liquefied natural gas (LNG)-based power plant near Trimmu Barrage in Jhang district, Punjab.

[The Express Tribune, October 26, 2017](#)

The rail corridor dispute between the Pakistan Railways and the management of Karachi Circular Railway project (KCR) is yet to be solved.

[Shahbaz Rana, The Express Tribune, October 26, 2017](#)

## B

## BILATERAL (PAK-CHINA) PERSPECTIVE

| 1. Bilateral relations  | The Source   |
|---|--|
| <p><b>Statements</b></p> <p>Chinese Ambassador Sun Weidong recognized Pakistan's endeavor in the war against terror, underlined that the world should also acknowledge its efforts to combat terrorism.</p> <p>President Mamnoon Hussain termed Pak-China relations as being like iron brothers.</p> <p><b>Action</b></p> <p>The China Railway Construction Corporation International (CRCCI) and the Punjab Board of Investment &amp; Trade have signed a memorandum of understanding (MoU) to explore the business prospects in Punjab and promote the bilateral trade relations.</p> | <p><a href="#">Usman Mujib Shami, <i>Daily Pakistan</i>, October 5, 2017</a></p> <p><a href="#">The News, October 6, 2017</a></p> <p><a href="#">The Nation, October 22, 2017;</a><br/><a href="#">The Express Tribune, October 22, 2017</a></p> |
| 2. People-to-people relations   | The Source   |
| <p><b>Action/Visits</b></p> <p>Chinese Ambassador Sun Weidong stated that increasing use of phrase 'Pakistan is our iron brother' by Chinese youth reflects the strength of cordial bilateral relations.</p> <p>In order to promote people-to-people contact and bilateral media coordination under the CPEC, a memorandum of Understanding (MoU) was signed</p>  | <p><a href="#">The Nation, October 4, 2017</a></p> <p><a href="#">Tanveer Hashmi, <i>Jang</i>, October 4, 2017</a></p>   |

between the Chinese news agency Xinhua and the Jang media group.

In order to cater the rising number of Chinese in Pakistan, the Jang group of newspapers has started *Huashang Weekly* of two pages in the Chinese language that informs about weekly brief in China. For instance, the commencement of 19th National Congress of the Communist Party of China (CPC) in Beijing.

[The News, October 18, 2017](#)

C

## REGIONAL / INTERNATIONAL DYNAMICS

| 3. On CPEC and Geo-economic Connectivity   | The Source  |
|--|---|
| <b>Statements</b>  |   |
| Senator Mushahid Hussain stated that because of CPEC, Pakistan has become the center for regional economic activities.   | <a href="#">Farhan Khan, <i>Khyber News</i>, October 10, 2017</a>                                 |
| The Prime Minister of Pakistan Shahid Khaqan Abbasi stated during the 9 <sup>th</sup> D-8 Organization for Economic Cooperation summit that the regional connectivity under the BRI would boost the economic growth of Pakistan. | <a href="#">The Express Tribune, October 20, 2017;</a><br><a href="#">Dawn, October 21, 2017</a>  |
| The President of Afghanistan Ashraf Ghani stated that it will join the CPEC only if Pakistan's Wagah and Attari border are accessible for Afghanistan's trade with India.  | <a href="#">Dawn, October 25, 2017;</a><br><a href="#">The Express Tribune, October 25, 2017;</a> |

|   |  |
|---|--|
| <p>The Brazil Ambassador Claudio Raja stated that the completion of CPEC would promote the prospects of foreign investment across the world.</p> <p><b>Action/Visits</b></p> <p>The US Secretary of Defense James Mattis’ remarks about BRI Passing through the disputed territory were rejected by Pakistan. China said that the project has nothing to do with “territorial disputes”.</p> <p>A spokesperson for the US State Department admitted that CPEC would stimulate the development and promote the stability of Pakistan and the region.</p> | <p><a href="#"><u>The Eurasian Times, October 25, 2017;</u></a><br/> <a href="#"><u>Daily Times, October 26, 2017</u></a><br/> <a href="#"><u>Owais Qarni, The Express Tribune, October 31, 2017</u></a></p> <p><a href="#"><u>Business Standard, October 6, 2017;</u></a><br/> <a href="#"><u>Samaa TV, October 7, 2017’</u></a><br/> <a href="#"><u>The Express Tribune, October 7, 2017</u></a><br/> <a href="#"><u>Waseem Abbasi, Jang, October 19, 2017</u></a></p> |
| <p><b>Report/Analysis</b></p>   |  |
| <p>In the wake of improved law and order and enhanced investment opportunities under the CPEC, Ambassador of Finland Rauli Suikannen has expressed willingness to promote the bilateral economic relations.</p> <p>An analyst from the European think tank believed that the execution of CPEC does not adhere to the international law, on the ground that it passes through area that the other country considers as disputed.</p>  | <p><a href="#"><u>Parvez Jabri, Business Recorder, October 3, 2017</u></a></p> <p><a href="#"><u>The Economic Times, October 19, 2017</u></a></p>  |
| <p><b>4. Regional Dynamics and CPEC Security</b> <span style="float: right;"><b>The Source</b></span></p>   |  |
| <p><b>Statements</b></p>  |  |
| <p>US Defense Secretary James Mattis stated that BRI passes through a disputed territory.</p>   | <p><a href="#"><u>Financial Express, October 4, 2017;</u></a><br/> <a href="#"><u>The Hindu, October 4, 2017;</u></a><br/> <a href="#"><u>Sabina Siddiqui, Asia Times, October 5, 2017;</u></a><br/> <a href="#"><u>The Arunachal Times, October 5, 2017</u></a></p>   |



Pakistan's foreign office spokesperson Nafees Zakria stated that India has established a cell under its intelligence agency (RAW) to sabotage CPEC, assuring that Pakistan government will execute the project smoothly and securely. [Nawa-i-Waqt, October 17, 2017](#)

### ***Action/Visits***

In response to the US Defense Secretary James Mattis's remarks on CPEC, the federal Interior Minister Ahsan Iqbal asserted that US should not take sides in this regard as the CPEC is not security plan but a project that offers regional connectivity and development. [Anwar Iqbal, Dawn, October 12, 2017](#)

## D

# ANALYSIS

### ***Political Development***

While many political parties publicly support CPEC, there are still some unaddressed concerns. For one, more than two years to the all-parties conference that was supposed to settle the dispute over which route to prioritize, parties of smaller provinces, in particular Balochistan, continue their calls for building projects along the western route that passes through the province. In October, a local community in Khyber Pakhtunwa demanded compensation on market rates for the land they relinquished for CPEC.

More importantly, some in the business community of Pakistan are wondering if they will be treated in the same preferential way as the Chinese has been. To this end, some expressed fear about growing imports, while others warned of not taking care of local industries. However, some concerns to this end were allayed by Chinese ambassador to Pakistan Chinese, who said that investors from both countries will be accorded similar treatment.

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

With or without delays, the projects of CPEC are being rolled out. It is said that because of CPEC's energy sector, much of Pakistan's energy crisis is taken care of. Government too is taking credit for ridding the country of "load shedding". However, the tug-of-war over Karachi Circular Railway persists. This project has the potential of easing traffic in the country's most-populous city.

### ***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***

In October, two new special protection units were raised in Sindh for the protection of CPEC workers. There are several other disparate measures meant to protect CPEC projects or those working on it. A more holistic picture is required to understand not only the nature of the threat but also the response of the state. While as much as it is important that government curb any untoward incident against CPEC, it should also prioritize addressing some local concerns. Winning people's confidence is essential.

*(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.)*