



November 2017

A review of national, bilateral  
and regional dynamics



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## Executive Summary

Amid all the delays, work on existing CPEC projects continued while new ones were announced. This much seems to be a regular occurrence now. What was new in recent time was that at the end of the day, finalizing the details of CPEC project is about negotiating the terms. There is considerable room for Pakistan in this regard. If this room is properly used, any speculations about CPEC will also be put to rest.

Government's position on handling the CPEC brims with optimism. Prime Minister Abbasi ascertained that concerns of two provincial governments (Sindh and KP) will be addressed too. The outcome of CPEC continued drawing positive projections.

The most critical development was the seventh Joint Cooperation Committee (JCC) meeting. JCC is a high-level Pakistan-China platform that discussed progress on existing projects and commits new ones. November's JCC meeting was seventh, held in Islamabad. Pakistan's focal person from the JCC, Minister of Planning, Reforms, and Development, had assured that the Long-Term Plan of the CPEC will be finalized in the meeting and afterwards shared with public.

Yet, while the LTP is reported to have been finalized, it has not been publicized. Hence, all sorts of speculations have risen once again. Analysts

are at loss understanding why the government is so secretive about the project.

Another project that drew attention this month was Gwadar port, a key CPEC project. The Prime Minister vowed to turn the port town into a “major trade hub.” The details of its execution drew some apprehension: It was reported that Pakistan will get 9% of the revenue from the port, and China, 91%, for the next forty years. The real issue is lack of clarification. It is not clear if this is the standard practice, but clearly, the imbalanced deal is being read by some as exception, and raising questions.

Questions are also asked by business community in some parts of the country – KP, Multan, and Karachi, to an extent – as to what are the terms of engagement of Chinese investors, and whether they (Pakistanis business community) will be accorded same response.

Speculations aside, much of these developments revolve around economic negotiation. At the end of the day, it is about convincing both countries. In November, for instance, Pakistani government rejected China’s plea to permit the use of remnibi (Chinese currency) in Gwadar, citing economic sovereignty. Similarly, when KP chief minister came to know, in 7th JCC, that his prioritized special economic zone was not in the upcoming-project lists, he made sure his priority is taken care of. Finally, Pakistan refused Chinese assistance for Basha dam, citing strict conditions. All these show room for negotiation.

Meanwhile, projects also saw progress. The first unit of 1320 megawatt Port Qasim coal-fired power plant was inaugurated in Karachi. Four out of six CPEC projects have been completed in Balochistan. Referring to the development of SEZs, China agreed to finance 3 SEZ, one each in Punjab,

Sindh, and KP. Moreover, the LTP approved focuses on financing and supporting the CPEC projects over the next 13 years, as per reports.

Internal and external security to CPEC made news too. To secure CPEC projects, Chief of Army Staff (COAS) has ordered the “large scale military operations” in Balochistan.

On the geo-strategic front, Pakistan’s Foreign Office underlined that it does not consider the coalition of India, Afghanistan and Iran trading through Chabahar port, as a counter to Pakistan and CPEC. To China, Pakistan remained a “priority in its neighborhood diplomacy”.

Meanwhile, Japanese Ambassador to Pakistan appreciated CPEC and showed interest to help in furthering this mega project. This seems to have come on the speculation that Japan itself was planning to invest along with India in an alternative corridor.

A

# NATIONAL PERSPECTIVE ON CPEC

1. Politico-economic	Source
<b>Statements</b>	
Chief of Army Staff (COAS) Gen Qamar Javed Bajwa stated that the CPEC will be “truly successful when it lifts Balochistan to its rightful place.”	<i>Dawn</i> , November 1, 2017; Mahmood Idress, <i>Daily Pakistan</i> , November 1, 2017
The president of Pakistan Economy Watch (PEW), an independent forum on the economy, stated that Pakistan’s “increased income and influence” under the CPEC would help to reduce poverty.	Aamir Javed, Pakistan Economy Watch, November 1, 2017
Senator Mushahid Hussain ensured that the CPEC will help in eradicating poverty from Pakistan.	Fawad Maqsood, <i>Business Recorder</i> , November 2, 2017
Prime Minister Shahid Khaqan Abbasi declared the involvement of provincial governments in the overall planning of CPEC, with a focus on the development of Balochistan.	<i>Business Recorder</i> , November 10, 2017
President Karachi Chamber of Commerce and Industry (KCCI) Muffasar Atta Malik underlined that the establishment of SEZs under the CPEC would stimulate the foreign investment opportunities.	<i>Daily Times</i> , November 12, 2017
Punjab Minister for Industries Sheikh Alla-ud-Din stated that CPEC has generated enormous investment opportunities in Pakistan.	Shoaib ur Rehman, <i>Business Recorder</i> , November 14, 2017

<p>Federal Minister Planning, Development &amp; Reform Ahsan Iqbal stated that the long term plan finalized in the 7<sup>th</sup> JCC of CPEC would promote bilateral socio-economic cooperation.</p> <p>Prime Minister Shahid Khaqan Abbasi ensured the consensus of all political parties on the CPEC projects.</p> <p>Chairman Technical Education and Vocational Training Authority (TEVTA) stated CPEC offers employment opportunities specifically for Pakistani youth and revealed that TEVTA graduates have been working on CPEC-linked projects.</p> <p>UAE-based Real Estate and Investment Pakistan Expo (RIPE) Chief Coordinator Adnan Iqbal stated that Pakistan is developing as an "international trade and transit hub" due to CPEC.</p>	<p>Ministry of Planning, Development and Reforms, November 23, 2017</p> <p>Mohammad Zafar, <i>The Express Tribune</i>, November 23, 2017</p> <p><i>Business Recorder</i>, November 25, 2017</p> <p><i>The Express Tribune</i>, November 26, 2017</p>
<p><b>Action/Visits</b></p>	
<p>Businessmen of Pakistan Chambers of Commerce and Industry (FPCCI) urged the government to treat equally all the investors of the CPEC projects.</p> <p>President Mamnoon Hussain inaugurated the Bank of China's operations that would help to accelerate the benefit of CPEC.</p> <p>Based on the notion that the use of Chinese currency, Renminbi (RMB), will hurt the economic sovereignty of Pakistan, the government has rejected China's plea to permit the use of RMB in Gwadar free-zone under the CPEC.</p> <p>The government has passed the second supplemental treaty to the CPEC projects, meant to extend preferential treatment in purchasing power for five CPEC projects.</p>	<p><i>Dawn</i>, November 8, 2017</p> <p><i>The Express Tribune</i>, November 7, 2017</p> <p>Shahbaz Rana, <i>The Express Tribune</i>, November 21, 2017</p> <p>Shahbaz Rana, <i>The Express Tribune</i>, November 29, 2017</p>
<p><b>Report/Analysis</b></p>	
<p>International Monetary Fund (IMF) report stated that the enhanced investment under the CPEC has reinforced the credit growth and projected Pakistan's real GDP growth of 5.6 % in 2018.</p>	<p>Tariq Ahmed Saeedi, <i>The News</i>, November 1, 2017;</p>

	Ying, Xinhua, November 1, 2017; <i>Global Times</i> , November 2, 2017
President of Multan Chamber of Commerce and Industry Malik Asrar Ahmed highlighted the concerns of the local business community from the CPEC, but urged them to be optimistic about the project, terming it “game changer” for Pakistan.	Owais Qarni, <i>The Express Tribune</i> , November 2, 2017
World Bank (WB) projected growth in the gross domestic product (GDP) of Pakistan in the medium term. Its report said that an ordinary increase in CPEC-linked investment is “expected to supplement the growth primarily driven by public and private consumption.”	Sumaira Jajja, <i>Dawn</i> , November 30, 2017; The World Bank, November 2017
Federal Minister for Ports and Shipping Mir Hasil Bizenjo informed the Senate that under the CPEC, only 9% of the Gwadar port revenue will go to the port authority, while China will get 91% of it for the next forty years.	Iftikhar A Khan, <i>Dawn</i> , November 25, 2017; Mehtab Haider, <i>The News</i> , November 28, 2017
The Pakistan Business Council (PBC) stated in a report that there is a need towards “greater transparency on how CPEC will impact the competitiveness of existing domestic industries” as well as on the “safeguards that will be deployed to prevent it [Pakistan] becoming a channel for cheap imports.”	Tariq Ahmed Saeedi, <i>The News</i> , November 30, 2017
<b>2. Provincial/regional developments and concerns</b>	<b>Source</b>
<b>Statements</b>	
President of Sarhad Chamber of Commerce and Industry (SCCI) Zahidullah Shinwari informed media that the chamber tends to hold a CPEC conference to seek “due share and rights” of KP and tribal areas under the CPEC.	<i>The Express Tribune</i> , November 3, 2017



<p>To highlight the significance of CPEC, the Institute of Architects of Pakistan (IAP) Khyber Pakhtunkhwa declared "3rd edition of the annual three-day International Conference on CPEC" in Peshawar.</p>	<p><i>Dawn</i>, November 14, 2017; Board of Investment, November 14, 2017; Business Recorder, November 14, 2017</p>
<p>Federal Minister for Planning, Development, and Reforms Ahsan Iqbal affirmed that the "center and provinces" have developed consensus for the 7th Joint Coordination Committee on CPEC.</p>	<p>Fawad Yousafzai, <i>The Nation</i>, November 16, 2017; Fawad Maqsood, <i>Business Recorder</i>, November 16, 2017</p>
<p><b>Action/Visits</b></p>	
<p>The 48<sup>th</sup> meeting of apex committee for Khyber-Pakhtunkhwa (KP) decided to make some serious efforts to ensure the Federally Administered Tribal Areas (FATA) benefit from the CPEC.</p>	<p><i>The Express Tribune</i>, November 2, 2017</p>
<p>Peshawar High Court adjourned hearing into the Khyber Pakhtunkhwa Assembly's appeal of "multiple orders" for the development of CPEC projects, specifically the western route because the federal government responded to it by submitting a reply to the petitioner, while the petitioner has asked the court for time to look into the response of the federal government.</p>	<p><i>Dawn</i>, November 15, 2017</p>
<p>A Peshawar High Court bench called the federal planning and development secretary to ensure in writing that the earlier development projects of KP agreed under the CPEC has been included in the 7<sup>th</sup> JCC meeting. The federal government told the court that no changes have been made to the earlier agreed KP projects under the CPEC while the court has directed the federal government to file a response.</p>	<p><i>Dawn</i>, November 24, 2017; Hidayat Khan, <i>The Express Tribune</i>, November 24, 2017</p>
<p>In the recent meeting of the Council of Common Interests (CCI), Prime Minister Shahid Khaqan Abbasi ascertained that the concerns of Sindh and KP</p>	<p>Sardar Sikandar, <i>The Express Tribune</i>, November 25, 2017</p>

government about their share in CPEC would be "resolved amicably".

A former speaker of the Balochistan Assembly Mohammad Aslam was apprehensive of the federal government's agreement on Gwadar Port with China for ignoring the Balochistan's share and urged to review it.

*Dawn*, November 27, 2017

### **Report/Analysis**

As per media report, the government of Balochistan does not favor the "standardized tax policy" for CPEC Chinese investors, agreed that tax relaxation could be applied on "case to case basis".

Sohail Sarfaraz, *Business Recorder*, November 17, 2017

## **3. Socio-cultural**

## **The Source**

### **Statements**

The Director General Pakistan National Council of the Arts (PNCA) Syed Jamal Shah stated that cultural and regional connectivity will be enhanced under the "ongoing CPEC cultural caravan."

*The Express Tribune*, November 14, 2017

### **Action/Visits**

A two-week set of activities of the 18 member CPEC cultural caravan including 6 Chinese and 12 Pakistani artists has begun to promote the "cultural exchange and dialogue" within and between China-Pakistan.

*The Express Tribune*, November 7, 2017

### **Report/Analysis**

## **4. Security**

## **The Source**

### **Statements**

The President of AJK Sardar Masood Khan stated that despite the Indian opposition and efforts to sabotage the CPEC, the execution of this mega project will not be hampered.

*The Nation*, November 7, 2017

Sindh police chief AD Khawaja stated that “the security coverage of foreign experts” under the CPEC and other projects must be expanded to the “zonal and district level.”	<i>The News</i> , November 15, 2017
Prime Minister’s spokesperson stated that “we know who wants to see us fail, who wants to sabotage CPEC – the lifeline of this region. There will be no mercy for such elements.”	Sardar Sikandar, <i>The Express Tribune</i> , November 18, 2017
Parliamentary Secretary for Commerce Shaza Fatima stated that the significance of Intellectual Property Organization (IPO) would be enhanced under the CPEC as it will protect the Intellectual Property Rights of foreign investors.	Parvez Jabri, <i>Business Recorder</i> , November 23, 2017
<b>Security Incidents</b>	
<b>Action/Visits</b>	
To improve the CPEC (Projects) security, Chief of Army Staff (COAS) Pakistan has ordered “large scale military operations” in Balochistan.	The Balochistan Post, November 23, 2017
<b>Report/Analysis</b>	
Media reports about Baloch Liberation Front (BLF) killing 15 Frontier Work Organization (FWO) personnel working on CPEC-linked projects in Turbat had been disapproved by FWO.	<i>Daily Times</i> , November 17, 2017 <i>The Express Tribune</i> , <a href="https://tribune.com.pk/story/791637/attack-on-fwo-convoy-in-turbat-leaves-three-security-officials-injured/">https://tribune.com.pk/story/791637/attack-on-fwo-convoy-in-turbat-leaves-three-security-officials-injured/</a>
<b>5. Progress on CPEC-linked projects</b>	<b>Source</b>
<b>Statements</b>	
The Chairman of National Highway Authority (NHA) stated that China will introduce 3 new infrastructure projects of around \$1 billion under the CPEC.	Tahir Amin, <i>Business Recorder</i> , November 1, 2017

<p>Punjab Higher Education Minister declared that the government has earmarked Rs 2.28 billion for the programs to prepare students for CPEC-linked projects.</p>	<p>The Express Tribune, November 2, 2017</p>
<p>President of Azad Jammu and Kashmir (AJK) Sardar Masood Khan stated that the government of Pakistan and AJK are seriously concerned to settle all pending issues linked to CPEC; these are about "timely payment generated and supplied electricity, taxation and land acquisition."</p>	<p>Presidency of AJ&amp;K, November 2, 2017; Pervez Jabri, <i>Business Recorder</i>, November 2, 2017</p>
<p>China's acting ambassador to Pakistan Zhao Lijian affirmed that the coal-based power plants under the CPEC eco-friendly.</p>	<p>Parvez Jabri, <i>Business Recorder</i>, November 3, 2017;</p>
<p>A senior spokesperson of the Chinese Ministry of Foreign Affairs Liu Pengfei asserted that China is committed to the timely execution of CPEC projects irrespective of the foreign/domestic opposition and change in the federal government of Pakistan.</p>	<p>China Pakistan Economic Corridor, November 4, 2017 Zulqernain Tahir, <i>Dawn</i>, November 3, 2017; Sajid Zia, <i>The Nation</i>, November 3, 2017; Imran Adnan, <i>The Express Tribune</i>, November 3, 2017;</p>
<p>An official of the National Highway Authority (NHA) declared that the Hakla-Dera Ismail Khan motorway, expressway of the national highway, as a part of the western alignment of the CPEC is likely to be completed costing around Rs. 129 billion by the end of 2018.</p>	<p>South Asian Monitor, November 4, 2017; Umer Shami, <i>Daily Pakistan</i>, November 4, 2017</p>
<p>An official of the National Highway Authority (NHA) declared that the Hakla-Dera Ismail Khan motorway, expressway of the national highway, as a part of the western alignment of the CPEC is likely to be completed costing around Rs. 129 billion by the end of 2018.</p>	<p>Shoaib ur Rehman, <i>Business Recorder</i>, November 5, 2017; China Pakistan Economic Corridor, November 6, 2017; The Express Tribune, November 6, 2017</p>

<p>The NHA official stated that the road infrastructure development in Balochistan is of main concern and affirmed that four out of six CPEC project in the region has been completed successfully.</p>	<p>Parvez Jabri, <i>Business Recorder</i>, November 7, 2017</p>
<p>In the 2<sup>nd</sup> meeting of Joint Working Group (JWG) on Industrial Cooperation, China has expressed its willingness to promote the development of three economic zones, in Dhabeji, Faisalabad, and Hattar</p>	<p>Shahbaz Rana, <i>The Express Tribune</i>, November 11, 2017; Israr Khan, <i>The News, Pakistan Observer</i>, November 12, 2017</p>
<p>Pakistan Railways Minister Khawaja Saad Rafique stated that the government is all set to work on the Karachi Circular Railways (KCR) project in collaboration with Sindh government, calling for "seriousness and sincerity" from both sides.</p>	<p><i>Daily Times</i>, November 19, 2017; <i>Business Recorder</i>, November 19, 2017; <i>Khyber News</i>, November 18, 2017</p>
<p>During the 8th Round of "Strategic Dialogue between Pakistan and China", Prime Minister asserted to promote cooperation on all CPEC projects.</p>	<p><i>Pakistan Today</i>, November 21, 2017</p>
<p>Federal Minister for Railways Saad Rafique stated that the up-gradation of existing ML-1 from Peshawar to Karachi (1,736 km) and the establishment of dry port at Havelian are early harvest projects of CPEC.</p>	<p><i>Business Recorder</i>, November 23, 2017</p>
<p><b>Action/Visits</b></p>	
<p>To manage the expected rise in the heavy vehicle traffic under the CPEC, the National Logistics Cell (NLC) planned to form the rest areas of international standard along the CPEC routes and national highways, facilitating the passengers and drivers. The project is called the NLC Drivers Emergency and Rest Areas (DERA).</p>	<p><i>The Nation</i>, November 3, 2017; Karachi Chamber of Commerce, November 3, 2017</p>
<p>Private Power and Infrastructure Board (PPIB) that aims to facilitate the power sector of Pakistan and the Hub Power Company Limited (Hubco) have signed the Implementation Agreement (IA) and Supplemental</p>	<p><i>The Nation</i>, November 11, 2017; <i>Business Recorder</i>, November 11, 2017</p>

<p>Implementation Agreement (SIA) of 330 MW Thar power project, being executed under the CPEC. Based on the Chinese strict financing condition, Pakistan has abandoned its request to include Diamer Bhasha Dam into the CPEC, according to a report.</p>	<p>Shahbaz Rana, <i>The Express Tribune</i>, November 15, 2017;</p>
<p>Spokesperson to the Prime Minister Musadik Malik declared that government will provide "5-year exemption from customs duty" for the parties involved in developing the SEZs and "10-year exemption for the industries" which will be functional before June 2020.</p>	<p><i>The Economic Times</i>, November 15, 2017          Muhammad Saleh Zaafer, <i>The News</i>, November 18, 2017;  <i>The Nation</i>, November 18, 2017;          Board of Investment, November 19, 2017  <i>Business Recorder</i>, November 19, 2017</p>
<p>China decided to finance 3 SEZ, one each in Punjab, Sindh, and KP, and western route of the CPEC.</p>	<p>Fawad Yousafzai, <i>The Nation</i>, November 21, 2017;          Khaleeq Kiani, <i>Dawn</i>, November 21, 2017;          Board of Investment, November 21, 2017</p>
<p>The 7<sup>th</sup> JCC on CPEC approved the Long-Term Plan (LTP), prepared in consultation with all concerned stakeholders from both sides. The plan focuses on financing and supporting the CPEC projects over the next 13 years.</p>	<p>Fawad Maqsood, <i>Business Recorder</i>, November 22, 2017</p>
<p>Prime Minister Shahid Khaqan instructed the concerned authorities for the timely execution of all CPEC-linked development projects in Gwadar to make it a "major trade hub."</p>	<p>Saleem Shahid, Behram Baloch, <i>Dawn</i>, November 23, 2017</p>
<p>The government of KP has secured 10,000 kanal lands at Rashakai near Mardan for setting up CPEC industrial zone and decided to send 250 youth to</p>	<p><i>The Nation</i>, November 23, 2017</p>

China for technical training and recruit them in the industrial zone.

Prime Minister Shahid Khaqan Abbasi inaugurated the first unit of 1320 megawatt Port Qasim coal-fired power plant in Karachi.

*Business Recorder,*  
November 30, 2017

### **Report/Analysis**

Media reported a leading Chinese company has slowed the pace of work on the 878 km Lahore-Matiari transmission line under the CPEC. However, the official of power division in the Pakistan Energy Ministry underlined three major issues causing slowdown including the amount of funds, operation, and maintenance of the project.

*The Economic Times,*  
November 13, 2017;  
Khalid Hasnain, *Dawn,*  
November 13, 2017;  
*Business Standard,*  
November 13, 2017

The financing agreement of Main-Line-I and the framework agreement of Karachi Circular Railways project could not be signed in the 7<sup>th</sup> Joint Cooperation Committee (JCC) meeting because of some issues i.e. the delayed cost estimates of ML-I and feasibility report of KCR until now.

Shahbaz Rana, *The Express Tribune,*  
November 22, 2017

B

## BILATERAL (PAK-CHINA) PERSPECTIVE

1. Bilateral relations	Source
<b>Statements</b>	
<p>The Director General of the Information office of China's Ministry of National Defense (MND) Colonel Wu Qian has termed Pakistan army the linchpin of China-Pakistan bilateral friendship.</p>	<p><i>Business Recorder</i>, November 2, 2017</p>
<p>China's Foreign Ministry Spokesperson Hua Chunying discredited the media reports about "any impediments" in CPEC execution and affirmed the smooth execution of projects under the CPEC.</p>	<p><i>Pakistan Today</i>, November 4, 2017;</p>
<p>China's Foreign Ministry Spokesperson Hua Chunying stated about the CPEC that "it did not target third countries or prejudice China's position on territorial disputes."</p>	<p><i>The News</i>, November 5, 2017 Atul Aneja, <i>The Hindu</i>, November 8, 2017; Times International News Service, November 9, 2017; <i>Arunachal Times</i>, November 9, 2017; Dipanjan Roy Chaudhury, <i>The Economic Times</i>, November 10, 2017 Sputnik, November 10, 2017</p>
<p>In response to the Pakistan withdrawal of its bid to include Diamer Bhasha Dam into CPEC, China's Foreign Ministry spokesperson Geng Shuang stated that "I am not aware of this information. As far as I know, CPEC is progressing smoothly for the time being."</p>	<p><i>The Economic Times</i>, November 16, 2017; Imtiaz Ahmad, Sutirtho Patranobis, <i>Hindustan Times</i>, November 16, 2017</p>



<p>In the 8<sup>th</sup> Round of Strategic Dialogue between Pakistan and China, Assistant Foreign Minister Kong Xuanyou declared Pakistan as a “priority in its neighborhood diplomacy.”</p>	<p><i>The Economic Times</i>, November 21, 2017; <i>The News</i>, November 23, 2-17</p>
<p><b>Action/Visits</b> During the 8th Round of “Strategic Dialogue between Pakistan and China”, both sides confirmed they are keen to promote bilateral relations in all aspects and will cooperate on regional and international affairs. To improve IT education in Sindh, the provincial Ministry of Information Science &amp; Technology signed a Memorandum of Understanding (MoU) with China under the CPEC to set up an Information Technology Industrial Park in the province.</p>	<p><i>The Express Tribune</i>, November 20, 2017; Shafqat Ali, <i>The Nation</i>, November 21, 2017 <i>Pakistan Observer</i>, November 27, 2017</p>
<p><b>2. People-to-people relations</b> <span style="float: right;"><b>The Source</b></span></p>	
<p><b>Statements</b></p>	
<p>Chinese ambassador to Pakistan Yao Jing stated that bilateral cooperation in the area of culture and media is significant for the successful execution of CPEC and called upon media on both sides to promote positive aspects of CPEC.</p>	<p>Fawad Maqsood, <i>Business Recorder</i>, November 27, 2017 <i>Daily Times</i>, November 28, 2017; <i>Business Recorder</i>, November 28, 2017</p>

C

## REGIONAL / INTERNATIONAL DYNAMICS

3. On CPEC and Geo-economic Connectivity	The Source
<b>Statements</b>	
<p>Pakistan's ambassador to United Nations (UN) Maleeha Lodhi stated that CPEC has potential to promote the regional connectivity, global economic growth and raise the living standard of around 3 billion people in China, South Asia, and Central Asia.</p>	<p>Mu Xuequan, Xinhua, November 1, 2017; Parvez Jabri, <i>Business Recorder</i>, November 3, 2017</p>
<p>Pakistan Ambassador to China Masood Khalid stated that the CPEC under the BRI offers trade opportunities to the member states of Shanghai Cooperation Organization (SCO) by using Pakistan as a transit point.</p>	<p>Parvez Jabri, <i>Business Recorder</i>, November 4, 2017; Yang Han, <i>China Daily</i>, November 4, 2017</p>
<p>Pakistan's Foreign Office underlined that it does not consider the coalition of India, Afghanistan, and Iran trading through Chabahar port, as a counter to Pakistan and CPEC.</p>	<p><i>Tehran Times</i>, November 4, 2017; <i>Pakistan Today</i>, November 5, 2017; Iran Front Page, November 6, 2017</p>
<p>Japanese Ambassador to Pakistan Takashi Kurai stated that they are "not against CPEC", adding that they "believe whatever project is carried out should be based on transparency, openness, accountability." He further said they are open to helping in the project too.</p>	<p><i>The Express Tribune</i>, November 8, 2017; <i>Dawn</i>, November 8, 2017</p>
<p>Saudi Ambassador to Pakistan Nawaf Saeed Al Maliki informed about the visit of a Saudi delegation by the end</p>	<p><i>The Nation</i>, November 10, 2017;</p>

of November to explore the investment opportunities under the CPEC.	Karachi Chamber of Commerce and Industry, November 11, 2017; <i>Khaleej Times</i> , November 11, 2017
Foreign Affairs counselor and Asia Division director Chen Feng stated that China has told India that the "sole purpose of CPEC is to bring prosperity to the region and ameliorate the environment for durable peace." As regards the Pakistan's dialogue with India on CPEC, Pakistani Foreign Office representative stated that India is reluctant to hold direct dialogue.	<i>The Nation</i> , November 16, 2017; <i>The Express Tribune</i> , November 16, 2017 <i>The Express Tribune</i> , November 17, 2017
<b>Action/Visits</b>	
Senior Vice President of Karachi Chamber of Commerce and Industry (KCCI) Abdul Basit called the Filipino businessmen to invest in the SEZs under the CPEC.	<i>Business Recorder</i> , November 23, 2017
<b>Report/Analysis</b>	
In order to deal with Indian concerns on CPEC, Chinese ambassador to India Luo Zhaohui stated that "China can change the name of CPEC and may create an alternative corridor through Jammu Kashmir, Nathu La pass or Nepal."	Kallol Bhattacharjee, <i>The Hindu</i> , November 18, 2017
<b>4. Regional Dynamics and CPEC Security</b>	<b>The Source</b>
<b>Statements</b>	
Chairman Joint Chiefs of Staff Committee (CJSC) General Zubair stated that "India's Research and Analysis Wing (RAW) has established a special cell (in Balochistan) at a cost of \$500 million to sabotage the CPEC."	<i>Dawn</i> , November 14, 2017; <i>Financial Express</i> , November 14, 2017; <i>The Express Tribune</i> , November 14, 2017; Obaid Abrar Khan, <i>The News</i> , November 15, 2017; Al Hussain, Nuzhat Nazar, <i>Business Recorder</i> , November 15, 2017

# D | ANALYSIS

## *Political Development*

To reiterate the point made in earlier reports, there is consensus among all political parties over inclusion in the China-Pakistan Economic Corridor (CPEC). Still, some concerns remain, raising their head every now and then: Balochistan government favors the case-to-case based tax exemption rather than standardized tax policy for Chinese investors.

Balochistan government agreed to the case-to-case based tax exemption, but the Gwadar Port Authority reminded that it has referred a case related to Gwadar Port operations to the government of Balochistan but that has not been resolved.

The business community of Pakistan is increasing in the spotlight for asking for equal treatment to all those investing under CPEC – Chinese or Pakistanis. As of now, not all projects are even getting equal tax exemption; the government has decided to provide 5-year exemption from

customs duty for those developing the Special Economic Zones and 10-year exemption for the industries to be functional before June 2020.

Transparency on CPEC projects still remain, even after the approval of Long-Term Plan in the 7th Joint Coordination Committee held in November. Earlier, it was said that once the committee approves the plan, it will be made public. Suspicion and guesswork over the details remain.

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

Pakistan Railway has brought in the up-gradation of railway line ML-1 under the early harvest project of CPEC, but financing agreement could not be signed in 7th JCC.

The cost estimates of the project, besides the feasibility report of Karachi Circular Railway, is yet pending.

Moreover, the LTP commits 13 years for the projects to get through. It is to be seen how precisely the plan gets implemented; after all, Pakistan's usual plans have been for five years, and that too, often fail to achieve targets. This is one of the rarest times when Pakistan has planned up to 13 years.

### ***Regional Context***

CPEC offers trade opportunities to the member states of Shanghai Cooperation Organization (SCO) by using Pakistan as a transit point. Filipino and Saudi businessmen's likely visit to Pakistan to explore the trade prospects under the CPEC indicate the boost in regional connectivity. However, Pakistani officials continued to remind Indian opposition and speculation about CPEC.

### ***CPEC security***

Not a single incident regarding CPEC security has been recorded in November which is commendable. There were some reports of killing of CPEC workers, but those turned out to be false. However, the government still needs to consider domestic concerns over CPEC that could, in the long run, evolve into its own security issue.

*(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.)*