



**INSTITUTE OF
STRATEGIC STUDIES**

web: www.issi.org.pk
phone: +92-920-4423, 24
fax: +92-920-4658

Report- In-House Meeting
“With 6-member Chinese Delegation”

March 27, 2017



Compiled by: Muhammad Faisal

Edited by: Najam Rafique

Pictures of the Event



The Institute of Strategic Studies, Islamabad (ISSI), held a Round-table meeting with a 6-member Chinese delegation comprising scholars and diplomats, led by Dr. Wang Yiwei, Professor at Renmin University, on March 27, 2017. The delegation included: Mr. Liu Zhijee, Counsellor Asian Affairs Department at China's Ministry of Foreign Affairs; Mr. Fan Lei, Senior Research Fellow at Charhar Institute; Mr. Chen Xiaochen, Senior Research Fellow at Renmin University; Changwei; Mr. Lan Jianxue, Associate Research Fellow, China Institute of International Studies; and Mr. Wang Weiran, Attaché, Department of Asian Affairs, Ministry of Foreign Affairs of China.

The meeting was also attended by members of the academia and think tanks in Islamabad including Mr. Raiz Khokhar Former Foreign Secretary, Lt. Gen (R) Talat Masood, Mr. Shakeel Ramay from SDPI, Mr. Majid Mahmood from CISS, Air Vice Marshal (R) Faaz Aamir from Air University, Commander (R) Mohammad Azhar from Bahria University, and Mr. Ali Shah from NUST.

The Chairman ISSI, Ambassador Khalid Mahmood welcomed the delegation and commented that China-Pakistan Economic Corridor (CPEC) has become a household name in Pakistan as many early harvest projects are underway. He reiterated Pakistan's commitment to complete the projects on time. He, however, noted, that being such a huge undertaking, hiccups are natural and they are being resolved. At the same time, One Belt and One Road (OBOR) Initiative is meant for the region as a whole, though, some forces are opposing it, directly and indirectly. He emphasized that China and Pakistan need to counter such nefarious designs. Pakistan has taken measures to provide fool-proof security to Chinese personnel and CPEC projects. A Special Security Division has been raised, while a Naval Task Force has been established for securing commerce on high sea and security of the Gwadar port.

Dr. Wang Yiwei, thanked the Institute for organizing the meeting. He apprised the participants about the upcoming OBOR Summit being organized by China in May 2017. He noted that more than 35 Heads of States and governments will be attending the summit. He pointed out that OBOR Summit will follow 5+1 model and discussions will focus on trade, infrastructure development, financing, facilities, policy and people to people dialogue. He particularly stressed that OBOR is a new style of globalization.

Dr. Yiwei then gavethe participants a comprehensive briefing on the rationale, history, plans of the OBOR corridors and projects, with particular focus on CPEC. He noted that China is now the world's second largest economy and it is a success of human kind that through development, China has lifted more than 700 million people out of poverty. China now wishes to share its experience with its neighbours. Pakistan is China's most important neighbours. He emphasized that Belt and Road Initiative (BRI) is geared towards interconnectivity between states through land and sea. As Chinese companies are going global, they are producing over their capacity and need new markets. China has the resources to invest in its neighbouring countries. Thus, OBOR has been backed by the \$3 trillion reserves of China. He emphasized that before industrialization could take place, a country requires energy and infrastructure.

Dr. Yiwei pointed out that industrialization will lead to democratization and a prosperous middle class. The Western model of democratization before industrialization has failed. However, for

industrialization to take place, China is pursuing peaceful relations with its neighbours in the spirit of win-win cooperation. Commenting on the challenges which China faces in realizing OBOR, Dr. Yiwei noted that there are internal, security, political, legal risks involved around the world. As OBOR is connecting 65 countries, China is dealing with a variety of political systems, legal frameworks, and domestic politics.

Chairman ISSI, Ambassador Khalid Mahmood thanked Dr. Yiwei for giving a comprehensive presentation on OBOR. He noted that CPEC is a special corridor, as it converges land and maritime routes of OBOR. He asked Dr. Yiwei what challenges, in his view, was Pakistan facing in implementation of CPEC?

Dr. Yiwei stressed that Pakistan's federalism with different provinces having different legal frameworks is a challenge. China is learning to deal with it. Moreover, he, pointed out that India is also a challenge to CPEC. He noted that China has been trying to convince India to support CPEC projects, but has not been successful so far. He also emphasized that lack of regional integration in South Asia and Middle East is also a challenge for OBOR projects.

Ambassador Mahmood, reiterated that there is national consensus on CPEC in Pakistan. He noted that though different viewpoints have been expressed by various quarters, but those are for accruing more benefits from CPEC. The differences between provinces and federation are being resolved, and this is evident from participation of Chief Ministers of all provinces in the last Joint Cooperation Committee (JCC) meeting held in Beijing in December 2016.

Former Foreign Secretary Raiz Khokhar inquired Dr. Yiwei on how he looked at the attitude of the US and its allies towards OBOR? In response, Dr. Yiwei commented that so far, the US has not opposed it. The US was surprised, but it didn't oppose formation of Asia Infrastructure and Investment Bank (AIIB). Majority of countries have supported the OBOR and AIIB initiatives. He noted that US think tanks are studying OBOR to finding out opportunities for US companies. He said that if one of the many corridors under OBOR is implemented successfully, then other countries will also join the initiative.

Mr. Chen Xiaochen explained the financial aspects of the CPEC projects. He noted that since these loans and investments are for a period of 30 years, by then, money will be much cheaper as compared to today. As regards the commercial loans, Chinese investors will take care of it, and these comprise more than 60 percent of CPEC portfolio. CPEC investments, he noted, provides Pakistan an opportunity to take-off economically, and both countries should work very hard for its realization.

Air Vice Marshal Faaiz Amir, Vice Chancellor, Air University Islamabad commented that when small economies interact with giant economies like China, there are apprehensions. While, Mr. Shakeel Ramay from Sustainable Development and Policy Institute (SDPI), highlighted aspects of investing in human capital and the need to focus on growth. He noted that both governments, at present, are not focusing on investing in human capital to build capacity of Pakistani labour as economic zones will require labour equipped with specialized skills.

Dr. Lan Jianxye, a member of delegation, commented that criticism of China and CPEC sends negative signals to China. He cautioned that Pakistan should be realistic in its expectations. Pakistan's focus should be on economic development above everything else. There should be minimal national consensus on economic development. And, Pakistan should think of how to achieve this goal optimally with competence.

In his concluding remarks, Dr. Yiwei, thanked ISSI for organizing the meeting and said that his team has learnt much from it. He noted that long-term projects are scheduled for 2026-2030, and they will benefit the people in sectors of agriculture, tourism, education and health. He emphasized that OBOR is a symbol of new globalization and every country will benefit from it.

Ambassador Khalid Mahmood thanked the delegation for a candid exchange of views. He reiterated that there is full commitment to the project at political and popular level. He emphasized that the best way forward is progress in a way that fruits of CPEC projects reach the wider spectrum of the people of Pakistan.