



**INSTITUTE OF
STRATEGIC STUDIES**

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

Issue Brief

Implementing CPEC

Muhammad Faisal, Research Fellow, China Pakistan Study Centre, ISSI

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Domestic political debate about inclusion of smaller provinces into the China-Pakistan Economic Corridor (CPEC) project framework has led to movement on the policy-front by the federal government. In a first move, the federal government invited Chief Ministers of Baluchistan, Khyber-Pakhtunkhawa, Sindh and Gilgit-Baltistan to participate in the recently held meeting of the Joint Cooperation Committee (JCC) in Beijing. The JCC is tasked to oversee implementation of the CPEC. It is also the forum where Chinese and Pakistani policy-makers deliberate upon and decide which projects to invest in. Essentially, it gave all provinces a seat at the CPEC decision-making table.

Provincial representatives, at the highest level, discussed projects with Chinese authorities in line with their priorities. Provincial governments have also identified locations for setting up industrial zones in their respective territories. At present there is a proposal to establish 8 industrial zones, with two in Baluchistan, including Gwadar free zone.¹Ahsan Iqbal, Federal Minister for Planning, Development and Reforms, has categorically stated that any “controversial project” which undermines provincial harmony and unity of federation will not be made part of the CPEC.²

Similarly, Prime Minister Nawaz Sharif, while reviewing the state of progress on CPEC-related projects underscored the need for an equitable distribution of benefits of CPEC among the provinces.³ This reflects recognition of Pakistanis historic centre-provincial fault line and the need to take all political stakeholders on board, as different parties are in power in four provinces.

Smooth implementation of CPEC projects requires institutional arrangements between federal government and provinces where constitutional framework is followed in letter and spirit. To facilitate the private sector companies, Pakistani and foreign (including Chinese), federal and provincial governments need to introduce special mechanisms, in Islamabad and provincial capitals. These can include: a special one-window operation for all CPEC-related projects at federal and provincial levels, directing all line departments and agencies to facilitate investors, a special task force of Planning Commission can actively engage provincial planning and development departments in aligning provincial development priorities with the CPEC-related investments. As a first step, provinces can begin by accelerating the process of establishing special economic zones, acquisition of land, provision of necessary infrastructure and skill development of in regions close to economic zones.

¹ <http://www.dawn.com/news/1304945/30bn-cpec-projects-implemented-minister>

² <http://nation.com.pk/editors-picks/05-Jan-2017/no-controversial-hydro-project-to-be-included-in-cpec-ahsan>

³ <http://www.dawn.com/news/1306378/benefits-of-cpec-to-equitably-reach-all-provinces-pm-nawaz>

Meanwhile, the federal government must make the Council of Common Interests (CCI) functional. CCI is mandated to ensure equitable distribution of resources among provinces. CCI is empowered to deliberate and make decisions on development planning and economic coordination between the centre and provinces.⁴ This step will go a long way towards alleviating concerns of the provincial and political stakeholders. Supervision of CPEC-related projects and their implementation by CCI will strengthen the constitutional body, while giving permanence to the CPEC projects in the economic and development policies of future governments.

Political consensus on the CPEC can also be consolidated by revitalizing the parliamentary committees on CPEC. Their membership could be expanded to incorporate all political parties. And, if required, a special committee mandated to oversee implementation of CPEC projects and address issues between federal and provincial governments can be established. This committee can have broad-based representation from political parties, federal and provincial governments, economic experts, military and planning commission. It is necessary due to the widening of the CPEC umbrella and its centrality in the national development policy. It is vital that Pakistan implement CPEC-projects without any political acrimony.

⁴ <http://cci.gov.pk/uncategorized/home-page-text>