
The China-Pakistan Study Centre (CPSC)

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ROUNDTABLE Mitsubishi Corporation



A Roundtable was held with the representatives of the Mitsubishi Corporation, Tokyo, Japan, and the China-Pakistan Study Centre (CPSC) at the Institute of Strategic Studies Islamabad (ISSI) on April 18, 2017.

The representatives of the Mitsubishi Corporation included:

Xu Bu-Ming, Seiji Matsumoto, Kenichiro Hirai, and Yasir Mukhtar, and Waqar Akhtar, from Mitsubishi Islamabad's office.

Dr. Ahmad Rashid Malik introduced his team and gave a brief overview of the CPSC. He explained the functions that the centre has been performing since its inception.

Being a multi-dimensional entity in its scope, he explained that the CPSC

focuses on foreign policy of China, issues of importance in China-Pakistan relations, Chinese economic growth model, CPEC, people-to-people contacts, culture and other areas of collaboration between the two friendly countries.

He mentioned about the historic commercial interests between Pakistan (then part of British India), and Mitsubishi at the dawn of the 20th century when the company set up its office in Karachi to handle the shipment of cotton.

He also briefed the delegation about the issues of interest to Japan such as regional situation of Pakistan, economic landscape of the country, and changes brought in after launching of the China-Pakistan Economic Corridor (CPEC). The delegation was particularly interested in figuring out economic opportunities, risks

and solutions for working out a better strategy for Japan in the wake of CPEC. He mentioned Japan has strong ties with South Asian countries and this can become a reason for setting up a new tradition in the wake of changing economic landscape of Pakistan.

Mr. Hirai asked about the role of the ISSI, which was answered by Director Administration Khurshid Anwar, who said that ISSI was the oldest think-tank and aimed at assessing Pakistan's foreign policy and analysing international affairs. Muhammad Faisal, Research Fellow at the CPSC, added that there is no current structured-mechanism for the Indo-Pakistan dialogue to heal up the long-standing conflicts and much has not been changed with respect to their ties recently.

The delegation asked a question about the payment to be made to the Government of China and its companies under the CPEC. Dr Malik answered that the CPEC's loans are concessional as well as investments and they would not turn to become a burden on Pakistan's economy. Xu Bu-Ming inquired about the opportunities and incentives Japan may get in Pakistan. Dr. Malik frankly put that Japan has been waiting for too long and risks are mandatory, at times, in making decisions in businesses and investments.

He outlined the areas where Japan can invest and have a comparative advantage in large number of sectors such as in infrastructure,

transportation, financial services and banking, and retail businesses in Pakistan. He also mentioned about the investment policy of the Government of Pakistan, which is far liberal than other Asian countries. He asked Japanese investors not to be hesitant in investing in Pakistan because JETRO finds Pakistan as the most lucrative market for profit for Japanese companies after Taiwan.

On the question of debt repayments, Neelum Nigar, Research Fellow at CPSC, told that the CPEC related investments are, in fact, capital investments and they generate revenues. Once these projects are operationalised, Pakistan will be able to resolve its foreign debt issues.

On the question of the financial arrangements of the CPEC, Dr Malik again emphasised that these are investments and not grants. Many of its projects are based on concessional loans with less mark-up rate (1 to 1.9) percent, compared to other loans from international institutions that are expensive. Yasir Akhter furthered the discussion by explaining the arrangement of the loans of the CPEC projects and emphasised that these arrangements are good for uplifting Pakistan's economy.

The meeting was concluded on a optimistic note. Dr Malik invited the delegation to make investment and open new businesses in Pakistan under new opportunities being created.