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## The All-Inclusive CPEC

### “Who wants to be on board?”

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The China-Pakistan Economic Corridor (CPEC) is all inclusive in its nature and scope. The project does not exclude any country or company. The flagship project draws inspiration from the vision of the Belt and Road Initiative (BRI) that aims to build six economic corridors across Asia, Europe, and Africa. The connectivity even goes beyond Oceania and Latin America that signifies the inclusive nature of the BRI involving over 69 countries.

With the same token, the bilateral economic corridor of the CPEC also invites regional countries bordering Pakistan and the Middle East and Central Asia to participate in this multinational project of connectivity and unimpeded trade cooperation.

In the past 32 months, Pakistan has completed a number of CPEC projects related to energy production and road infrastructure development under the Early Harvest Program (EHP). A number of foreign countries have already participated in these project as financiers, share-holders, constructors, and providers of equipment, etc.

This includes, for instance, the participation of the Qatari Al Mirqab Capital along with China Power Company that jointly built the 1320 MW coal-fired plant at Bin Qasim in Karachi inaugurated in December last. The first unit of the plant was completed in 30 months, becoming a role model for other energy investors to participate in the CPEC projects.

At the moment there is some ambiguity about the participation of a third-country to participate in the CPEC projects as investor, joint-venture partner, financier, or contractor, etc.

Seeing the keen interest expressed by foreign energy companies, the Sindh government has agreed to provide land for an exclusive industrial zone for German companies. In the wind power plant at Jhimpir, Thatta, German and American companies like Triconboston Consulting Corporation Private Limited (TBCCPL) of Germany, General Electric of the USA, and the international lenders comprising International Finance Corporation (IFC), Asian Development Bank (ADB), Islamic Development Bank (IDB), and DEG-Deutsche Investitions of Germany have also been participating. The project has been developed by Zorlu Energy Pakistan, a subsidiary of the Turkish firm Zorlu Energy.

Sapphire Wind Power Plant attained commercial operation by November 2015. Around US\$95 million debt financing was secured for the project from the Overseas Private Investment Corporation (OPIC), USA. The participation of Chinese, German, and American companies and international financial institutions illustrates the inclusive nature of the CPEC projects. Components of plants were procured by different foreign companies.

In up gradation of the railway line from Karachi to Peshawar, ADB has expressed keen interest by providing a fraction of the loan. The Japan International Cooperation Agency (JICA) has been re-negotiating the building of the Karachi Circular Railway (KCR), which Japan has abandoned some time ago. The Asian Development Bank (ADB) and the Department for International Development (DFID) of the United Kingdom co-financed \$327 million cost of the Hassanabdul-Havelian Expressway (E-35) project. The Burhan-Shah Maqsood section of Hazara Motorway was inaugurated in December last.

A large number of countries have shown interest to join the CPEC from time to time in the past 32 months. They include Russia, United Kingdom, France, Germany, Romania, Belarus, Ukraine, Italy, Saudi Arabia, United Arab Emirates, Iran, Turkey, Afghanistan, Central Asian Republics, and the United States, etc.

The ministry of foreign affairs of China has made several statements in favour of the CPEC that it is an inclusive project and any country, if it is interested in the CPEC, could join the project. The spokesperson of the Chinese ministry of foreign affairs made the following statement on December 23, 2016: “For us, we regard the China-Pakistan Economic Corridor (CPEC) as a framework for cooperation built by the two sides with a focus on the long-term development of bilateral cooperation in various fields. We hope that the CPEC will not only promote the economic and social development of China and Pakistan, but also contribute to regional connectivity, peace, stability and prosperity. In this sense, the CPEC, as an important component of China’s Belt and Road initiative, is an open initiative. China would like to discuss the possibility of introducing a third-party on the basis of consensus with the Pakistani side through consultation.”

Similarly, the ministry of foreign affairs of Pakistan adopted a similar stand on the joining of the “third-party’s” participation in the CPEC: A statement issued by the said ministry on December 14, 2017 stated that: “We have received requests from many third countries for participation in CPEC. We are in the process of formulating a comprehensive policy for inclusion of a third-country in CPEC in consultation with China. Modalities are being worked out in this regard.” Mutual consent between China and Pakistan is needed to guarantee that assurance.

Institutional arrangements by the ministry of planning, development, and reform and its Chinese counterpart, national development and reform commission should set up a cell or a committee to frame the term of references (TORs) and a legal framework for a third-country that is interested in joining CPEC.

At the moment there is some ambiguity about the participation of a third-country to participate in the CPEC projects as investor, joint-venture partner, financier, or contractor, etc. Some of the countries and companies that are interested in to join the CPEC are confused to understand about the formal official framework to joining CPEC. The settlement of such issues would enhance prestige of the CPEC and truly convert it a multinational project of vast participation and enhanced capacity. Therefore, an institutional and legal framework is essential to be devised at an early stage.

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