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Report – In-house Meeting
**“Meeting with delegation from German
Embassy”**

February 3, 2021



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China-Pakistan Study Centre (CPSC) at the Institute of Strategic Studies Islamabad (ISSI) organized an In-house meeting with a 3-member delegation from the German Embassy in Islamabad led by Minister Counsellor Dr. Philipp Deichmann, Deputy Head of Mission on February 3, 2021. The delegation also consisted of Mrs. Shanti Helm, First Secretary for Political Affairs and Mr. Christian Böttcher, First Secretary for Economic Affairs.

Director China-Pakistan Study Centre, Dr. Talat Shabbir, briefed the participants on the working of the Centre and its accomplishments. He underlined that amid change, Pakistan-China relationship remains a constant as both sides continue to maintain close political and strategic communication and coordination to stabilize the regional environment. He added that the China-Pakistan Economic Corridor (CPEC) was a much needed project for Pakistan as it came at a time when Pakistan was struggling with economic and security issues. He pointed out that prior to CPEC, countries were reluctant to invest in Pakistan but now the situation has changed for the better.

The delegation was interested to learn about the details of CPEC including financing, construction of Special Economic Zones, employment generation and opportunities for other countries. In response to a question related to CPEC being a debt burden, Dr. Talat said that there is a wrong perception in the West regarding Chinese investments. He elaborated that the share of Chinese debt in Pakistan's total foreign debt is very low while most of it is owed to Western countries and institutions.

Discussing the completion of Gwadar port, Dr. Talat apprised the guests that the port is still not fully operational. He said that Gwadar is being linked to other parts of the country and eventually it will become a hub of commercial activity. In a few years, Gwadar will have the capacity to support China's trade as well.

On questions related to Chinese investment in the energy sector, Mr. Muhammad Faisal, Research Fellow at CPSC, explained that Chinese power companies are following Pakistan's lucrative Power Policy, whereby investors are guaranteed up to 17% Rate of Return of their investment. Government of Pakistan has pledged to buy electricity produced by the power companies, in turn, selling that power to consumers who pay for it. Chinese power companies

have taken loan from Chinese banks against their own balance sheets. The same policy framework is applicable to foreign investor from every nation.

The importance of Special Economic Zones being built under CPEC was also reviewed. In response to a question regarding opportunities for other countries to participate in them, the delegation was briefed that Pakistan will welcome investment from abroad as they will help generate employment opportunities which is one the key objectives of the government.

Dr. Deichmann thanked the CPSC team for hosting them and deepening their understanding of China-Pakistan relations.