

## CPEC: 10TH JCC AND FUTURE OUTLOOK

By  
**Muhammad Iqbal**  
*Research Assistant*

&  
**Fatima Shakeel**  
*Intern*  
*China-Pakistan Study Centre (CPSC), ISSI*

Edited by  
**Dr Talat Shabbir**

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*(Views expressed in the brief are those of the author, and do not represent those of ISSI)*



The 10th meeting of the Joint Coordination Committee (JCC), the apex decision-making body of the China-Pakistan Economic Corridor (CPEC) was held on 23rd September, 2021.<sup>1</sup> A key part of the agenda was discussion on the progress of on-going CPEC projects, and held consultation of future projects. During the meeting both sides reviewed tariff structure and tax policies related to power-sector projects. Moreover, the meeting also reviewed the security arrangements for Chinese citizens and project sites in light of a Dasu bus attack on Chinese engineers. The meeting was chaired by Mr. Ning Jizhe, Vice Chairman National Development and Reforms Commission (NDRC) China, and Mr. Asad Umar, Minister for Planning, Development and Special Initiatives<sup>2</sup> through a videoconference to review progress of CPEC project.<sup>3</sup> it was attended by nearly two hundred representatives from government sides, financial agencies, public institution and business community.<sup>4</sup> This brief takes stock of progress made on various segments of the CPEC during 10<sup>th</sup> JCC meeting.

1 Foreign ministry spokesperson Zhao Lijian's regular press conference on September 24, 2021. (n.d.). Embassy of the People's Republic of China in the Kingdom of Belgium. <https://be.china-embassy.org/eng/fyrth/t1909582.htm>

2 Ministry of Planning, Development & Reform 'P' block Pak-Secretariat, Islamabad, Pakistan. (n.d.). CPEC all events | China-Pakistan economic corridor (CPEC) official website. CPEC | China-Pakistan Economic Corridor (CPEC) Official. <https://cpec.gov.pk/all-events>

3 Waseem Bloch, "CPEC: 10th JCC meeting held", *Gwadar Pro*, September 23, 2021. <https://www.gwadarpro.pk/1441023194207547394/cpec-10th-jcc-meeting-held>

4 "China welcomes JCC meeting outcome", *The Express Tribune*, September 25, 2021. <https://tribune.com.pk/story/2321866/china-welcomes-jcc-meeting-outcome>

## I. Special Economic Zones

The two sides urged on prioritizing Special Economic Zones (SEZs) to speed up the industrial development being the key to second phase of the CPEC. For this, consensus was reached on establishing special units called **Investor Facilitation Centers** in Islamabad and all provincial capitals in order to facilitate local and foreign investors and promote better incentives to attract private investment in the SEZs. After three weeks of JCC meeting, Special Assistant of Prime Minister (SAPM) on CPEC affairs, Khalid Mansoor, visited Rashakai SEZ on October 13<sup>th</sup>, to review the progress of site in light of recent JCC meeting that emphasized to speed up the development of SEZs. In the early stage, work on utilities and basic infrastructure is under way, eight enterprises have already been allotted industrial plots and a large number of investors indicated to acquire land for industrial purpose in the Rashakai SEZ.<sup>5</sup> Moreover, in the meeting, the two sides also agreed to finalized and signed the draft framework agreement on industrial cooperation under CPEC before the next JCC meeting.<sup>6</sup>

## II. Power Sector

While reviewing state of energy cooperation, particularly, related to existing power plants established under CPEC, the two sides agreed on keeping tariff and tax policies unchanged relating to power sector contracts and Independent Power Producers (IPPs). Pakistan assured to disburse payments of dues stand at USD 1.4 billion to Chinese companies at the earliest.<sup>7</sup> The meeting approved the inclusion of 700.7 MW Azad Pattan Hydro Power Project in the CPEC framework. The two sides also reached consensus on the need undertake a joint study for future development of Thar Coal blocks in order to meet Pakistan's energy needs. The two sides also agreed to cooperate in the field of Mines and Minerals (Oil & Gas).

## III. Main Line-I

Despite years of negotiations, the two sides have not developed mutual consensus on realizing Pakistan Railway's flagship Main Line-I (ML-I) project. For the commencement of the project, the two countries need to finalize mode of financing for nearly USD 6.8 billion of project cost. In a post-JCC press briefing, Mr. Asad Umar, candidly stated that both sides disagree on proposed interest

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5 Ministry of Planning, Development & Reform 'P' block Pak-Secretariat, Islamabad, Pakistan. "SAPM on CPEC Affairs, Mr. Khalid Mansoor Visits Rashakai Special Economic Zone (SEZ) | China-Pakistan Economic Corridor (CPEC) Official Website." Accessed October 20, 2021. <https://cpec.gov.pk/news/210>.

6 "Pakistan, China agree not to alter tariff on power deals," *Dawn*, September 24, 2021. [https://epaper.dawn.com/DetailNews.php?StoryText=24\\_09\\_2021\\_001\\_003](https://epaper.dawn.com/DetailNews.php?StoryText=24_09_2021_001_003).

7 Ibid.

rates for the project and financing arrangements: Chinese side is pushing for a mix of RMB and USD financing, while Pakistan is seeking USD facility as it is currency of international trade.<sup>8</sup>

#### **IV. Security Concerns**

During the meeting, the Chinese side raised concerns over the security of their citizens working in Pakistan. Both sides strongly condemned the attacks on CPCE related projects. The two sides comprehensively discussed security framework and agreed to enhance the security arrangements and ensure proper security to Chinese citizens in Pakistan. The two sides also pledged to arrest and prosecute the perpetrators of Dasu bus tragedy, as soon as possible.

#### **V. MoUs/Agreements Concluded**

During the meeting, several Memorandum of Understanding (MOUs) were signed. These include:

- i) The establishment of Information Technology Industry's Joint Working Group.
- ii) Provision of Medical Equipment and Material.
- iii) Letter of Exchange of Provision of Balochistan Solar Power Lighting Equipment.
- iv) The two sides announced the signing of MoU on undertaking feasibility study for Karachi Coastal Comprehensive Development Zone.
- v) Agreement of Cooperation Framework between Ningbo Port and Gwadar Port.
- vi) Agreement on Lease deed of Gwadar Expo Centre.

#### **Future Outlook**

Since the Launch of the CPEC, the JCC meeting were being held regularly, and at times, even twice a year. COVID-19 pandemic, however, brought two years of delay. Now with 10<sup>th</sup> JCC, CPEC will regain momentum as new efforts are being made to expedited the completion of on-going projects and complete necessary allied work for new projects.

There are nine working groups under JCC: Energy, Agriculture, Gwadar Port, Socio-Economic Development, Science, Technology, Transportation, Infrastructure, and International cooperation.<sup>9</sup> The Phase 2 of CPEC is more or less focusing on all of these areas of development.

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<sup>8</sup> Pakistan, China agree, *dawn*, September 24.

During the meeting the conveners from relevant sectors presented their presentations focused on their goals in future and their achievements thus far such as; industrial cooperation, agricultural cooperation, Long Term Planning on CPEC. It was discussed that more attention would be given to Agricultural Product Processing, Germplasm Resources, Aquatic Product Processing and FMD free zones in Pakistan. The Vice Chairman of JCC stated that after the successful implementation of CPEC phase I, they will be focusing with their full energies on phase II of CPEC.<sup>10</sup>

In a nut shell, both sides showed satisfaction on the progress they have made in the CPEC-related projects so far. New agreements will speed up the progress on second phase of the CPEC. The identification of some areas which previously remained untapped will be explored under the ambit of CEPE. The two sides remained committed to conclude a timely framework acceptable for both side to materializes ML-1 project in the near future. COVID-19 proved to be a hindrance in the smooth implementation of CPEC projects. However, close cooperation and timely response have been remained helpful to overcome it.

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<sup>9</sup> "CPEC 10th Joint Cooperation Committee (JCC) Meeting", CPEC M/O Planning, Development and Special Initiative, September 23, 2021.

<http://cpec.gov.pk/news/209>

<sup>10</sup> Yin Yeping, "Chinese official calls for 'high-level' security reassurance for CPEC", *Global Times*, September 23, 2021.

<https://www.globaltimes.cn/page/202109/1234965.shtml>