

China Pakistan Economic Corridor (CPEC)

Integrating nations from East to West and South to North.



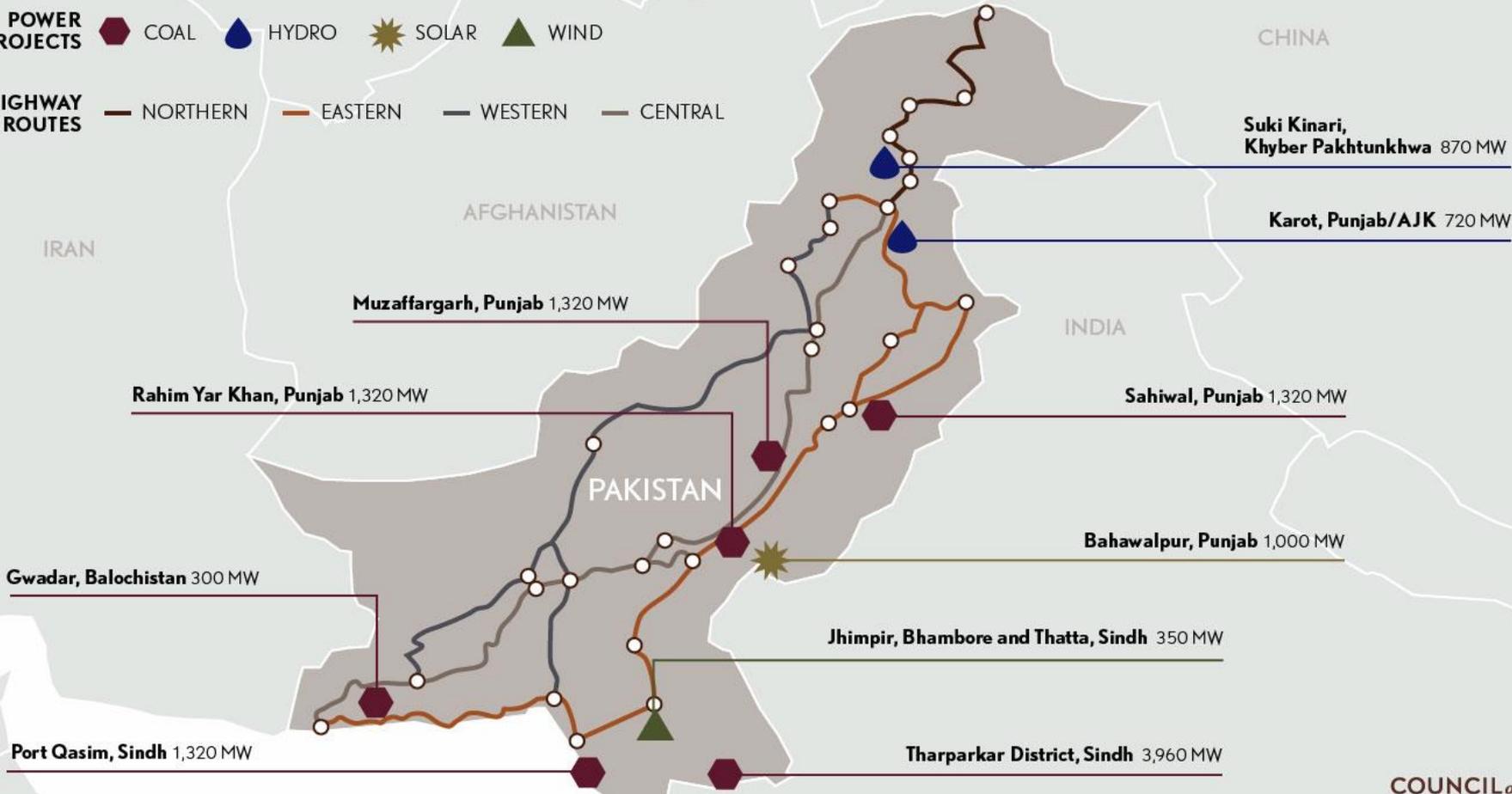
One Belt One Road initiative

(centuries old notion of silk-road reformulated and rephrased by China)

Major Projects of the China-Pakistan Economic Corridor*

POWER PROJECTS
 COAL (Hexagon) HYDRO (Water Drop) SOLAR (Sun) WIND (Triangle)

HIGHWAY ROUTES
 NORTHERN (Dark Blue) EASTERN (Orange) WESTERN (Grey) CENTRAL (Light Blue)



*Includes existing, under construction, and planned highway routes Sources: Government of Pakistan Credits: Eleanor Albert, David Foster, Daniel S. Markey, James West

CPEC – STRATEGIC COOPERATION

- **40 years operation & management – Agreement between China & Pakistan for:**

- 🇵🇰 The Gwadar Port
- 🇵🇰 Container Terminal at Gwadar
- 🇵🇰 Economic Zone at Gwadar

- **40 years operation & management – Agreement between China & Pakistan for:**

- 🇵🇰 Power sector : \$34 Bn.
(To add 17,000 MW on grid – through Thermal & Renewable).
- 🇵🇰 Infrastructure : \$10 Bn.
(inclusive, urban & road transportation)

🇵🇰 **29 Special Economic Zones (SEZs).**

- Khyber Pakhtunkhwa (KPK) – 17 SEZs
- Baluchistan – 9 SEZs
- Punjab – 5 SEZs
- Sindh – 4 SEZs

POLITICAL & ECONOMIC DYNAMICS

- Pakistan has positioned itself to offer strategic land & sea route for connectivity from 'east to west'- China, Central Asia, Asia Pacific, Middle-East, Africa & "Europe".
- Untapped region of Baluchistan & Khyber Pakhtunkhwa (KP) inclusive of tribal areas will be opened-up to Economic, Industrial, Political & Social development, offering potential in untapped resources in:
 - Hydro-power
 - Coal
 - Natural gas
 - Petroleum
 - Marble
 - Gem stones (precious & semi-precious)

- Special Economic Zone (SEZs) are open to investments from all Countries, offering even playing grounds and fair opportunities.
- Economic activities spurred over CPEC offers potential to investors specially in emerging provinces of Baluchistan & KP.
 - Service Industries – Banking, insurance, leasing etc.
 - Hospitality Industry (Hotels & Restaurants)
 - Health Sector (Urban & Rural)
 - Education Sector (Thousands of management and skilled talent is needed to manage the growth).
 - Consultancy Business (Engineering, Legal, HR etc.).
 - Small & medium Enterprises

FOREIGN DIRECT INVESTMENT (FDI) THROUGH:

- 100% subsidiary of a Foreign Enterprises.
- JV with local partner.
- Technology transfer
- Representation through Agency Agreement.

EXPRESSION OF INTEREST IN CPEC

- France
- Russia
- UK
- Iran
- Saudi Arabia
- Turkey
- Romania

- The China-Pakistan Economic Corridor, starting from Kashgar in Xinjiang, China, and reaching Karachi and Gwadar, southern coastal cities in Pakistan via the Khunjerab Pass and several other nodal areas, constitutes a key platform and a central task for cementing China-Pakistan economic relations.
- The China-Pakistan Economic Corridor is a growth axis and a development belt featuring complementary advantages, collaboration, mutual benefits and common prosperity. With the comprehensive transportation corridor and industrial cooperation between China and Pakistan as the main axis, it is based on major collaborative projects for infrastructure construction, industrial development and livelihood improvement, aimed at socio-economic development. This plan is effective up-till 2030, the short-term projects included will be considered up-to 2020; medium-term projects in the next decade up-to 2025; and long-term projects up to 2030 or later.

- **Pakistan has the potential to grow into a “Tiger of Asia”.** Pakistan is blessed with abundant natural resources and a vast domestic market. Extensive consensus on the Vision 2025 has been reached. It’s being realized by improving public governance, reinforcing infrastructure construction and harnessing the demographic dividend to accumulate human and social capital, elevate the industrialization level and develop competitive knowledge-based economy are imperatives to move forward. The CPEC will greatly speed up the industrialization and urbanization process in Pakistan and help it grow into a highly inclusive, globally competitive and prosperous country capable of providing high-quality life to its citizens.

- **The CPEC is closely associated with the implementation of the 'Belt and Road Initiative'.** As a pilot project of the Belt and Road Initiative, the experience accumulated from the CPEC will be promoted to other countries along the Belt and Road. The fusion of national development strategies will facilitate policy communication between China and Pakistan; their geographical proximity is good for infrastructure connection; their closely coordinated economic and trade strategies will help realize free trade flow; the two countries are highly complementary to each other in investment and financing, making financing much easier; their long-lasting friendship is deeply rooted among people, thus helpful for people-to-people exchanges.

- **The macro economy in Pakistan has been much improved.** Pakistan has reached wide consensus on social stability, economic development and livelihood improvement. A series of economic reform has started to take effect, and its advantage in the young workforce and demographic dividend are given a bigger role. The macro economy has turned for better in Pakistan in recent years. The economic growth has been picking up, boosting the market demand for related transportation and energy; The inflation level has been low, driving up the expected actual returns of major projects for the CPEC building; the international balance of payments has been moving towards equilibrium, foreign exchange reserves have been growing and the expectation of the exchange rate has been stable, reducing the investment and financing risks for major CPEC projects. The macroeconomic environment has never been so better before for the building of the CPEC.

- **Restraints to economic growth prospects.** Pakistan needs to address major bottlenecks to economic and social development to sustain economic growth momentum. The energy, infrastructure, administration and governance deficiencies, besides unbalanced regional economic and social development, and external sector vulnerabilities could impose possible challenges to the CPEC.
- **Openness and inclusiveness.** The planning and building of the CPEC will learn from the latest theories about and achievements of other international corridors. China and Pakistan welcome the international community to provide intellectual support to the CPEC by various means, international organizations, other countries and the international capital market to jointly work on the CPEC building.

- **Livelihood improvement and sustainable development.** The improvement of people's livelihood is on the top of the agenda of the CPEC project whose spatial layout fully reflects the regional development gap. Connectivity infrastructure construction shall focus on improving basic public services for local residents, all-round industrial cooperation, show preference for local residents in employment, and the exchange and cooperation in areas concerning people's livelihood lean towards the ordinary people. The population and resource carrying capacity of different areas along the CPEC shall be coordinated, and possible effect of climate change and other factors be forward considered to realize sustainable development.

- **The Pakistani side vision:** to fully harness the demographic and natural endowment of the country by enhancing its industrial capability through creation of new industrial clusters, while balancing the regional socioeconomic development, enhancing people's wellbeing, and promoting domestic peace and stability.
- **The international and regional vision:** to form a new international logistic network and industrial layout based on major transportation infrastructure; elevate the status of South Asian and Central Asian countries in labor division of global economy; promote regional economic integration through stable trade growth, international economic and technological cooperation and personnel exchange.

GOALS

- By 2020, the CPEC shall take the initial shape, major bottlenecks to Pakistan's economic and social development shall be basically addressed, and the CPEC shall start to boost the economic growth along it for both countries.
- By 2025, the CPEC building shall be basically done, the industrial system approximately complete, major economic functions brought into play in a holistic way, the people's livelihood along the CPEC significantly improved, regional economic development more balanced, and all the goals of Vision 2025 achieved.

- By 2030, the CPEC building shall be entirely accomplished, the endogenous mechanism for sustainable economic growth in place, the CPEC's role in stimulating economic growth in South Asia and Central Asia brought into holistic play, and South Asia shall grow into an international economic zone with global influence.
- Through the joint planning and development of highways, railways, ports, aviation and other infrastructure, a convenient, efficient and integrated transport corridor that includes a variety of modes of transport along the main nodes of CPEC can be formed to achieve the transition from lagging behind to adaptation and then to moderate advancement in the transport infrastructure of the main nodes along the CPEC. In order to meet the needs of trade and personnel exchanges between China and Pakistan for the socio-economic development of regions along the CPEC. Following initiatives have been planned to achieve the aforementioned objectives:

- Construction and development of Kashgar-Islamabad, Peshawar-Islamabad-Karachi, Sukkur-Gwadar Port and Dera Ismail Khan-Quetta-Sohrab road infrastructure, to enhance road safety and service levels and expand traffic capacity.
- Capacity expansion of existing railway lines and construction of new projects and promoting the modernization of the railway.
- China and Pakistan should boost information connectivity and promote pragmatic cooperation through construction and operation of local communication networks and broadcast & TV networks; besides strengthening information and communication industries in both countries and synchronous construction of information, road and railway infrastructures.

- Promote the construction of cross-border optical fiber cables between China and Pakistan and the construction of the backbone optical fiber networks in Pakistan; Upgrading of Pakistan's network facilities, including the national data center and the second submarine cable landing station.
- Expedite Pakistan to adopt China's Digital Terrestrial Multimedia Broadcasting (DTMB) standard.

- **Government guidance and market-oriented operation.** The Chinese and Pakistani governments are the advocator, planner and guider of the CPEC project. Considering the Chinese and Pakistani economic systems, commercial projects related to the CPEC should be operated in a market-oriented way; quasi-commercial major infrastructure projects could adopt the public private partnership mode; and non-commercial projects concerning people's livelihood should involve multiple participants and be implemented.