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Chinese perceptions of CPEC

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MOST discussions and [analyses with regard to the China-Pakistan Economic Corridor](#)(CPEC) have a Pakistan-driven perspective, and rightly so. After all, we have to safeguard our national interests and ensure maximum benefits for the country. These discussions and writings have evoked a lot of interest in China. This article attempts to present a limited cross section of the views articulated by Chinese scholars, academics, companies engaged in CPEC, retired officials and other friends of Pakistan.

My past association with China as the region's chief economist for the World Bank as well as visits to China practically every year since then has allowed me to gather these points of view. This year I also had the privilege of attending two international conferences on CPEC, one in Beijing in March and the second in Shanghai in August and listening to the candid views of the Chinese participants from various sections of the society. The goodwill that Pakistan enjoys among the Chinese is perhaps unparalleled and therefore we have to pay heed to their concerns and suggestions. The gist presented here is a composite sketch of diverse views.

The Chinese have voiced concerns regarding negative CPEC talk, security and red tape.

Under its One Belt One Road Initiative announced in 2013, China is planning to invest more than \$1 trillion in 60 countries all over the world to establish six different corridors. The receptivity in other countries to this proposal has been anything but enthusiastic; however, some Chinese friends are puzzled by the sceptical and negative reactions from certain quarters in Pakistan expressed in the media, particularly on social media. This comes to them as a surprise because of the long uninterrupted record of strong bilateral relations between the two countries that were not even affected by changes in political leadership in either country. CPEC is the first project of its kind to foster economic cooperation on a massive scale for building large infrastructural projects in Pakistan.

Although realising that there are some external forces hostile to this initiative, Chinese analysts and participants are concerned about what they see as the misrepresentation of facts by many Pakistanis. It is not obvious to them as to what purpose is served by raising doubts and fears about CPEC in the minds of the Pakistani population. The aspersions being cast on the motives of the Chinese, such as the analogy with the East India Company or Pakistan becoming a satellite of China, are very unnerving: external detractors of CPEC pick up these reports and after bundling them as 'risks' of CPEC to Pakistan, disseminate them widely.

The Chinese argue that the IPPs have been a policy instrument for investment in Pakistan's energy sector for a very long time. When the country was facing serious energy shortages no one else came to Pakistan's rescue and invested in the sector. Now that China has come forward with a planned investment of \$35 billion or 70 per cent of the total CPEC allocation under the same policy, questions are being raised.

Had it involved extraction of natural resources from Pakistan for the benefit of the Chinese, this criticism would have been justifiable. On the contrary, the benefits of this investment would be exclusively appropriated by Pakistan's industries and households that would no longer face load-shedding while the country would record a 2pc annual rise in GDP growth.

Chinese state-owned companies, designated by the Chinese government based on their expertise and experience, are executing the projects with loans provided by government-owned banks on concessional terms both in tenor and pricing. In several projects, Chinese and Pakistani companies have entered into joint ventures. The repatriation of profits and debt-servicing in foreign exchange arising out of these obligations would become possible after an increase in the volume of exports as a result of the Chinese-Pakistani joint ventures relocating their industries to the Gwadar Free Economic Zone and the nine industrial zones to be established under CPEC.

In the opinion of some, the negative feelings can have unintended adverse consequences for the personal security of Chinese nationals working on these projects, particularly in some sensitive areas of Balochistan. Some elements unhappy with the Pakistani state and government and possibly acting at the behest of foreign powers hostile to CPEC appear to have created conditions in which the murders and kidnappings of Chinese nationals that were almost non-existent have begun to take place. Our interlocutors were grateful for the new division being raised by the Pakistan Army for protection of the Chinese; but the security risk is raising premiums for relocation to some of the vulnerable areas.

The other area which bothered CPEC's project managers was the red tape and cumbersome decision-making within the Pakistani government. Too many agencies are involved in the clearance and approval process, each one taking its own time. These delays cost them money and disrupt the schedule of activities and completion time table. Power tariffs, according to them, should be reasonable, predictable, sustainable, valid for a multi-year period and not subject to frequent changes. They request that a focal point in the government be established and empowered to secure all approvals and decisions.

The next point raised was to have a high-level joint coordination committee to redress the grievances and complaints of the Chinese companies. The existing joint working groups operate at the government-to-government level but there is no platform available for the Chinese companies or their Pakistani joint venture partners to approach. Continuous federal-provincial-local government coordination is essential to move the projects along till completion. Land acquisition is a provincial local subject and the process takes too much time.

When questioned about the Pakistani private-sector companies partnering with them, the Chinese executives told us that the dearth of qualified and experienced Pakistani entities was an acute problem. Their own cost of production would be lowered if they were able to deploy Pakistani managers, skilled workers, equipment operators and labour as part of their deal with the local companies.

These perceptions may be right or misplaced but we have to investigate and take measures to resolve some of the genuine problems faced by our Chinese partners.

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