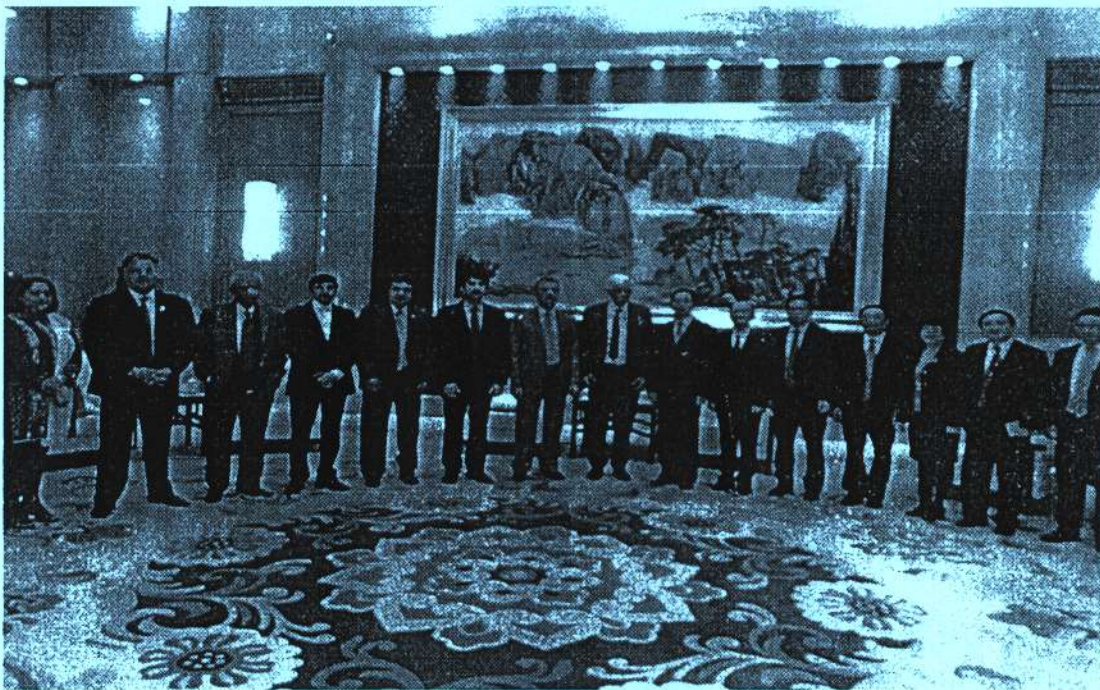




House of the Federation
SENATE OF PAKISTAN

FIFTH INTERIM REPORT
SPECIAL COMMITTEE OF THE SENATE
ON CHINA PAKISTAN ECONOMIC
CORRIDOR
VISIT TO CHINA



Presented by
Senator Taj Haider
Convener of the Special Committee
on CPEC

The Special Committee of the Senate on China Pakistan Economic Corridor was invited by the Government of the People's Republic of China to visit China for holding meetings with the Chinese authorities and to visit important projects in China which could be replicated in Pakistan under CPEC. The invitation was personally delivered by Excellency, Deputy Chief of Mission and Acting Ambassador of Peoples Republic of China in Islamabad to the Convener of the Special Committee, Senator Taj Haider. In the meeting with the Acting Ambassador Senator Taj Haider presented copies of the three Interim Reports of the Special Committee to the Acting Ambassador. While thanking him for the invitation Senator Taj Haider emphasized that the Committee looked forward to the success of this most important Economic Corridor between the 2 countries and hoped that the CPEC would contribute to the development of the backward areas of Pakistan.

2. Subsequently, a delegation comprising members of the Special Committee of the Senate on CPEC visited China for five days (November 29 to December 3, 2017). The delegation was headed by Senator Taj Haider, Convener, and he was accompanied by the following members of the Committee:-

1. Senator Nauman Wazir Khattak	Member
2. Senator Daud Khan Achakzai	Member
3. Senator Mir Kabeer Ahmed Muhammad Shahi	Member
4. Senator Jehan Zeb Jamaldini	Member
5. Senator Usman Khan Kakar	Member
6. Senator Nehal Hashmi	Member

3. During the visit five meetings were held in Beijing and Nanning, the capital city of Guangxi Autonomous Region as follows:-

- a. Managing-Director of Silk Road Fund
- b. Counselor Wang Guoping, Head of Asian Department, Ministry of Foreign Affairs, Government of China.
- c. Head of Chinese People's Institute of Foreign Affairs
- d. Mr. Chen Wu, Governor of Guangxi Autonomous Region
- e. Secretary-General of the Chinese Communist Party and municipal government officials of Qinzhou port city of Guangxi Autonomous Region

4. The Delegation visited the following places:

- a. Nanning Housing Project
- b. Ancient Qinzhou Pottery Workshop
- c. China-Malaysia Qinzhou Industrial Park
- d. Guangxi Qinzhou Free Trade Port Area
- e. Guangxi City Planning Exhibition Hall

1. MEETING WITH THE SILK ROAD FUND, BIEGING, NOVEMBER 29, 2017.

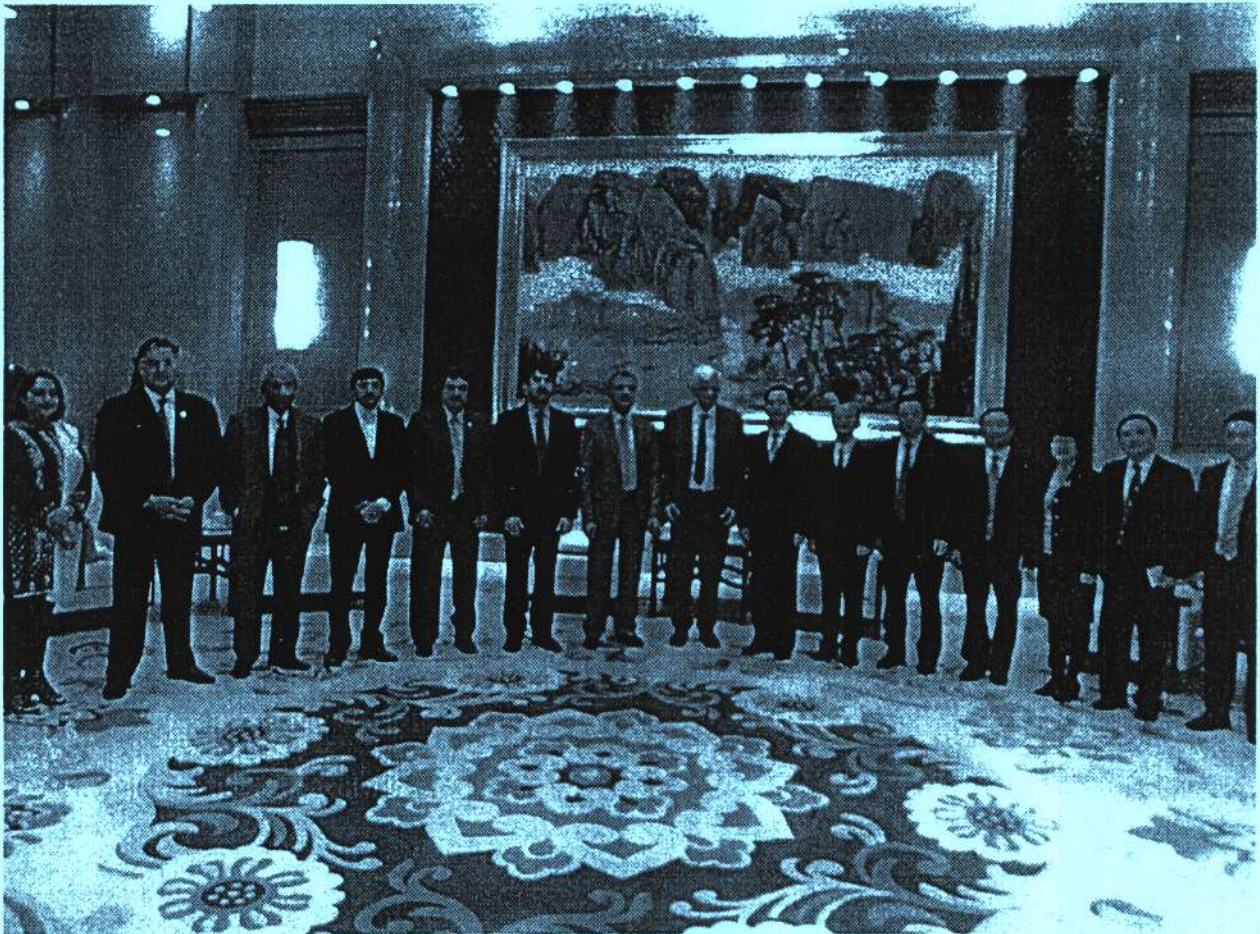
5. The Government of the People's Republic of China has created this special Investment Fund for making equity investments and arranging loan and grant financing for different projects of the 'One Belt One Road' program. The meeting was of an exploratory nature in which the Fund explained the scope of its operation for financing different projects. In his opening remarks the Convener of the Special Committee pointed out that the Committee was giving priority to the uplift of the backward areas of Pakistan and would focus on the sectors that directly harnessed the potential of the natural and human resources of the backward areas and brought benefits to the people living in these areas. The Convener further pointed out that all equities and loans had to be repaid and thus the terms and the margins of profit should be such that made the individual projects viable and sustainable. Members of the Special Committee highlighted the individual sectors that would directly benefit the backward areas and the people living in these areas. These Economic Sectors included; Development of Water resources, Renewable Energy, Development of Mining Sector, Forestry, Horticulture and Dairy Farming, Fishing, Cold Storages and Packing of Fruits, Handicrafts, Development of Tourism Infrastructure and Housing.

6. Members of the Special Committee of the Senate pointed out that in order to make projects in these sectors viable and sustainable it was highly important that local work force was trained in applying modern knowledge and technology in these fields and thus it was of prime importance that training programs with Chinese cooperation should be started in the sectors selected for making investments and a trained local workforce was made available for running the projects when these materialized.

7. The Managing Director of the Silk Road Fund took due note of the proposals made by the Honorable Members of the Special Committee of the Senate and assured the Committee that projects in these sectors will receive the support of the Fund. Copies of the three Interim Reports of the Committee and gifts on behalf of Honorable Chairman Senate were presented to the senior officials of the Fund.

2. MEETING AT CHINESE PEOPLE'S INSTITUTE OF FOREIGN AFFAIRS.

8. The Special Committee was received at the Institute located in the Ministry of Foreign Affairs People's Republic of China by the Head of the Institute and his team. The Chinese side expressed its satisfaction on the progress that had been made on CPEC projects. They however said that Beijing looked forward for a consensus on CPEC within Pakistan. Without naming any country they pointed out that there were external powers that did not want CPEC to succeed. Thus there was all the more the need to have consensus within Pakistan on CPEC.



9. The Convener informed the Chinese side that the Senate of Pakistan was the House of the Federation. Every major political party of Pakistan from every Province and Region was represented in the Senate as well as in the Special Committee of the Senate on CPEC. There was complete unanimity between the political parties and between the people at large on the success of CPEC.

10 The Senate of Pakistan being the House of Federation had always stood for balanced development of the country and laid special emphasis on bringing the underdeveloped areas and regions of Pakistan at par with the developed regions. Reflective of the cooperative federal spirit of the Senate of Pakistan, the committee stood committed to balanced development and special consideration for the underdeveloped regions. It rightly felt that if certain areas remained underdeveloped while others were developing at a fast pace, the problem of large scale internal migration from the underdeveloped areas to the developed areas could not be resolved. The Committee also felt that backwardness of certain regions was also one of the reasons for the current evils of extremism and terrorism.

11. Reports and recommendations of the Special Committee had been passed unanimously. These Reports had also been adopted by the Senate. There was complete consensus in Pakistan over the success of CPEC. Small differences however, had existed on according priorities. The Special Committee of the Senate was cognizant of the fact that certain outside forces were trying to hatch conspiracies for the failure of CPEC, which was very

surprising since CPEC was not aimed against any third country and would bring progress and stability to the entire region.

12. The Special Committee of the Senate and the Chinese side agreed that there should be a joint regional approach to combating the menace of Extremism and Terrorism. The rise of extremism in India and the development of a military axis between USA, India and Israel was a threat to peace and the region and both sides should take notice of this unfortunate development.

13. The Convener drew the attention of the Chinese hosts and expressed his serious concern on the gross and continuous violations of Human Rights in occupied Jammu and Kashmir. Military action to suppress a Basic Right accepted by International Community including India could only complicate the issue further. Both India and Pakistan had agreed to the principle of the Right of Self Determination of the people of Kashmir and now the World should move forward and work out a method of implementing the UN Resolutions on Kashmir.

14. The Head of the People's Institute of Foreign Affairs of China agreed that it was a burning issue and a way forward had to be found to stop the violation of Human Rights and finding a solution to the old dispute.

3. NANNING, GUANGXI ZHUANG AUTONOMOUS REGION: NOVEMBER 30, 2017.

15. Situated at the South East corner of China Nanning is the capital of the Guangxi Autonomous Region. The region borders the Republic of Vietnam and has a very long coast line. Blessed with a moderate climate and heavy rainfall Nanning was rated as the most livable city in the World by United Nations. Any visitor to Nanning shall no doubt agree that this is a very well deserved honor for the city and its people.

16. The geographic location of Guangxi makes it an ideal region for developing close trade relations with the fast developing countries of the ASEAN region. The fast connectivity is both by land routes and by sea lanes and the Region is exploiting this geographic advantage to its fullest potential.

17. Using its close proximity to the fast developing ASEAN region countries and its vast and varied natural resources Guangxi is making model progress in almost all fields. Tourism, Agriculture, Mining, Industry and Trade, Communications, Ports and Shipping, joint Economic zones with at least two ASEAN countries, Housing, Culture, Education from pre-Primary to the highest university level, Environment, there is not a single sphere of progress where Guangxi is not coming up as a 21st Century leader.

18. The visit of the Special Committee to Guangxi region was most educative. It brought before us and highlighted projects and possibilities in focal CPEC areas that Pakistan can develop jointly with China. Some of the Projects that the Committee visited and the meetings the Committee held in Guangxi were as under:

4. THE SHANTYTOWN RENOVATION PROJECT OF DATANG-SHIJIA.

19. For the last many years China has embarked upon a nationwide program of renovating slums and shanty towns. The concept is very simple. It centers on transforming horizontally spread shantytowns into vertically arranged modern housing units at the same location. Families living in the previous shantytown are relocated in the new modern flats. This new vertical arrangement releases precious land area which is used in providing besides civic amenities for the people like parks, playgrounds, kindergarten schools, etc.: also commercial projects like shopping malls, commercial offices and other commercial activities.

20. The Government enters into contracts with developers, who build high buildings (33 stories in the project we saw). Besides constructing flats for dislocated families a large number of flats are also built for those outsiders who want to buy their own flats in the project. However, the flats sold to the outsiders have a price eight times higher than that which is fixed for dislocated families who were earlier living in the shantytown at the site. This system besides the prices that the commercial areas fetch for the developers makes the project highly feasible without the Government spending anything. Of course there are banks that finance the buyers of both the categories. Government regulators keep a tight control over the quality of construction and oversee the financial side making sure that the developers operate within the perimeters of the contracts.

21. Projects have their own sewage treatment plants. Water and electricity are supplied and distributed in flats and commercial areas in a systematic manner most efficiently that replaces the earlier haphazard supply and waste of these utilities in shanty towns.

22. Certainly it is in the interest of the developers that the project is designed and built in a manner that would attract outsiders who want to buy the flats on the high rates fixed for outsiders. Construction industry in China as also the overall economy and employment situation have received a big boost through similar shantytown renovation projects which are being constructed all over China.

23. The project that the Senate Special Committee visited had renovated a shanty town built on around 110 thousand square meters. Out of this total area the renovation project had covered merely 40 thousand square meters the rest being open spaces. 2,442 apartments had been built in 9 buildings that were 33 stories high giving a total constructed area of 160 thousand square meters (50 thousand square meters more than the total area of the replaced shanty town). Commercial space of 40 thousand square meters had also been built bring the total constructed area for apartments and commercial areas to 200 thousand square meters.



24. Apartments were of 3 different sizes of 60, 90 and 120 square meters and it was upto the buyers of both the categories to make their own choice according to their respective incomes and loan repayment capacity. Up till now 9 buildings had been completed in a total time of 2 years. We were informed that due to heavy rains throughout the year in the area construction cannot proceed as fast as one would like it to. However, 2, 442 apartments had been built in the project and 1,300 of these had been provided to the residents of the old shanty town that had existed on the site. A Shopping Mall, Kindergarten and Primary School, Play Area for children, Commercial Office areas are besides the residential flats that have been completed in the housing project.

25. The Convener has yet to see a housing project in the most elite areas of his city Karachi that comes near to the quality standards or the landscaping or the overall healthy environment of the project that the delegation visited. This Committee strongly recommends that slum renovation programs on the Chinese pattern should be taken up on priority in Pakistan not only to provide decent living conditions to our working classes but also to generate millions of jobs in construction and allied industries.

5. MEETING WITH GOVERNOR OF GUANGXI AUTONOMOUS REGION

26. That very evening the Delegation had a very productive meeting with the Governor of Guangxi Autonomous Region and his team in his office. The meeting was followed by an official dinner.

27. Both the sides showed keen interest in developing a sea corridor between South East China and Pakistan by extending regular shipping routes from Ports in Guangxi beyond Singapore Port and Sri Lanka to Ports in Pakistan. While CPEC links Western China with Pakistan this planned sea corridor would link the highly industrialized South East China and the ASEAN countries (already working on joint economic zones with China) with Pakistan. China being a vast country with every region having its own multiple resources and fast track development plans, the Committee proposes that the idea on extension of the existing CHINA – ASEAN sea corridor to Pakistan is a very feasible idea and the Government of Guangxi has promised all cooperation in this project.

6. VISIT TO THE CITY AND PORT OF QINZHOU DECEMBER 1, 2017.



28. The Port and the City of Qinzhou located at a distance of about 150 kilometers South East of Nanning is a kind of driving engine for the overall fast track development that is taking place in Guangxi Autonomous Region.

29. The Delegation was taken to Qinzhou on a fast magnetic train from Nanning which at times touched the speed of 200 kilometers per hour. The magnetic trains that do not require wheels (therefore no friction) are reflective of the latest technology that China is acquiring and putting at the service of its people. The whole distance was covered in about 45

minutes. We also checked the fare that the Government was charging from the passengers. In Pakistani currency at the current rate of exchange the fare came to about 18 Rupees for the about 150 kilometers. Certainly it is unbelievably low. It is possible that the Government was subsidizing the fare. However, we must remember that not only the initial cost of magnetic trains and the magnetic rails is low but the operating costs with cheap electricity that is available is also very low. Pakistan should start examining this option for improving its passenger transport train services.

30. The Region and the City of Qinzhou have not severed their links with their past and the rich culture that has roots in its centuries old cultural heritage. The Delegation visited the exhibition hall and the plant of Gu'an Nixing pottery plant. It is almost unbelievable that the pottery plant is 1300 years old and generations after generations of Chinese pottery artists have worked in this plant. And what great works of Art they produce.

31. The exhibition hall displays some pieces as tall as human size that are centuries old. The ravages of Time have neither affected their material strength nor the excellence and the beauty that has been ingrained in them by some Master Artists.

32. In modern times technology has found its way in the plant. The potter's wheel has been replaced by a motorized system with controllable speeds. It also enables the use of both the hands of the potter in shaping the piece. The Kilns are also electrical and gas with thermostatic and automatic control systems which ensure optimum quality baking of the finished pots. The polishing department also has electrically operated gadgets that enhance the finish and the polish of the pottery. The Delegation found the visit to be most exhilarating. The Committee proposes that our Provincial Governments should also give due importance not only to preserving our traditional and ancient arts but also of promoting these on modern scientific and commercial lines. Exhibition Halls like the one we saw at the plant would go a long way in promoting these arts.

33. The visit was followed by a meeting and lunch with the Leadership of the local Communist party. The discussion that took place in the meeting with the lady Secretary General and her comrades highlights how the Chinese Communist Party while adhering to the Marxist ideology is assimilating modern scientific knowledge and putting it at the service of its working classes.

34. Next day the Delegation visited the China Malaysia Qinzhou Industrial Park, which is being developed as a joint project of China and Malaysia. The Committee was informed that a similar Industrial Park as a joint venture between the two countries was being developed in Malaysia. A briefing was given to the Committee on a physical model of the Qinzhou Park that has state of art facilities available for setting up new industries. Some industrial units are already under construction in this Park as well as in the sister Park located in Malaysia.

35. Similar Parks are also being developed simultaneously as joint projects between China and Indonesia. The locations of all these Parks near modern Ports and the incentives given for Industrial investments are very crucial for the development of Industry.

36. Industrial Parks as joint ventures between two countries situated in both the countries is an innovative idea that has great potential. In our own context we find that an Industrial Park is being developed at Gwadar by the Chinese Government that will have all the incentives for investors. However it is not being developed as a joint venture between Pakistan and China. Some apprehensions also exist in the minds of Pakistani entrepreneur that it puts them at a disadvantage against the Chinese investors since they would be enjoying all the concessions that are being given to investors in designated industrial parks. These apprehensions need to be clarified and put at rest. At the same time this project being only in Pakistan there is no similar project for Pakistani entrepreneur in China.

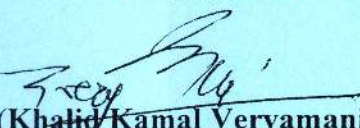
36. The Committee strongly recommends that the model of Joint Industrial Parks between China and Malaysia and China and Indonesia should be studied and similar joint Industrial parks should be built in both Pakistan as well as in China. Perhaps a Joint Industrial Park located near Kashghar for the land corridor and another at Qinzhou for the proposed sea corridor can be put up to the advantage of both the countries.

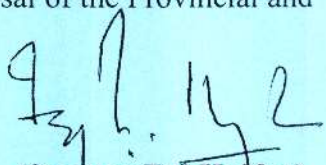
37. The Committee also visited the Special Economic Zone (SEZ) that is being built near the Qinzhou Port as well as the Port itself. The Port of Qinzhou is a most modern port equipped with modern gantry cranes and has a large turning basin. It is situated at a location which is many kilometers inland from the rough open seas, just like our own Port Qasim. At Present it has 10 large berths but being inland there is all the scope for adding to the number of berths. The unique advantage is that the additional berths shall be towards the open sea and the depth of every new berth will be deeper than its preceding berth. Large areas have been reserved for container handling and storing and special concessions have also been given to those doing trade in the Special Economic Zone. The JCC of CPEC has admitted Special Economic Zones in all the provinces in Pakistan and it is important that the concessions allowed to the traders in our Special Economic Zones should be similar to those allowed in the Chinese Special Economic Zones.

38. Back in Nanning on the 200 km/hour magnetic train the Committee had the unique experience of visiting the Qingxiu mountain Park. It is a great experience to see how the Chinese are concentrating on the improvement of their environment. The designing, the landscaping, the maintenance, the hundreds and hundreds of varieties of all kinds of plants and flowers are simply awesome. So many trees some more than one thousand year old being preserved in the Park are in a very sharp and sad contrast with how we are cutting down and destroying our Juniper forests. The Committee strongly directs that this destruction of our unique juniper forests should be stopped by employing all possible means at the disposal of the Provincial and Federal Governments.

COMMITTEE RECOMMENDATIONS

1. The Committee recommends that Chinese cooperation should be sought for making investments and training of local workforce in applying modern knowledge and technology in these fields; Development of Water resources, Dams in Balochistan province, Renewable energy, Development of Mining Sector, Forestry, Horticulture and Dairy Farming, Fishing, Cold Storage and packing of fruits, Handicrafts, Developments of Tourism Infrastructure and Housing.
2. The Committee recommends that regional approach to combating the menace of Extremism and Terrorism, with particular reference to the rise of extremism in India and the development of a military axis between USA, India and Israel.
3. The Committee strongly recommends that slum renovation programs on the Chinese pattern should be taken up on priority in Pakistan not only to provide decent living conditions to our working classes but also to generate millions of jobs in construction and allied industries.
4. The Committee proposes that the idea on extension of the existing CHINA – ASEAN sea corridor to Pakistan is a very feasible idea and the Government of Guangxi has promised all cooperation in this project.
5. The Committee proposes that our Provincial Governments should also give due importance not only to preserving our traditional and ancient arts but also of promoting these on modern scientific and commercial lines. Exhibition Halls like the one we saw at the plant would go a long way in promoting these arts.
6. The Committee strongly recommends that the model of Joint Industrial Parks between China and Malaysia and China and Indonesia should be studied and similar joint industrial parks should be built in both Pakistan as well as in China. Perhaps a Joint Industrial Park located near Kashghar for the land corridor and another at Qinzhou for the proposed sea corridor can be put up to the advantage of both the countries.
7. The Committee strongly directs that this destruction of our unique Juniper forests should be stopped by employing all possible means at the disposal of the Provincial and Federal Governments.


(Khalid Kamal Veryamani)
DG/Secretary Committee


(Senator Taj Haider)
Convener