

# Looking Beyond Corridors and CPEC 1<sup>st</sup> Phase

CPEC 2

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# CPEC 1<sup>st</sup> Phase: An overview

- Total 60 Projects worth 44,400,000,000 (Value in US\$)

# THREE MAJOR COMPONENTS of Initial Phase

**1- ROADS & RELATED INFRASTRUCTURE 11 Billion US\$**  
(Provided under development financing norms of  $\approx 25$  Years pay back at  $\approx 2\%$  annual financing charges:  $\approx 750$  Million US\$ annual payments inclusive of principal and markup .) These observations are based on news reports and can be therefore revised if authentic official information is provided to the contrary.



**2- ENERGY-RELATED PROJECTS 33 Billion US\$**  
(Provided as financing through private companies at both ends with no sovereign guarantee; purchase of energy guaranteed at average ROI of  $\approx 17\%$ , and a price of purchase of energy settled at market prices.) These observations are based on news reports and can be therefore revised if authentic official information is provided to the contrary.



**3- RAILWAYS**  
 $\approx 12$  Billion US\$

# BASIC INTRODUCTION TO PROJECTS PLANNED UNDER CPEC

**Pakistan ENERGY  
Sector**

Total Projects : - 31

Projects Value : -  
\$29,470,000,000

**Pakistan  
TRANSPORT Sector**

Total Projects : - 18

Projects Value : -  
\$11,500,000,000

**Pakistan  
TECHNOLOGY  
& MISCELLANEOUS  
Sectors**

Total Projects : - 11

Projects Value : -  
\$3,430,000,000



## **Looking Beyond CPEC 1**

- **CPEC.2**

**‘China Pakistan Economic  
Cooperation’**

## Identifying the Problem Areas of our economy:

- WE WERE LEFT BEHIND IN OUR DRIVE FOR MODERNIZING THE AGRICULTURE AND INDUSTRIALIZING THE ECONOMY

## Agriculture And Industry Was Squeezed

- WE BECAME A LOW LEVEL SERVICE SECTOR ECONOMY PARTLY FUELLED BY EARNINGS OF OVERSEAS WORK (~= 20 Billion USD) EQUALLING EXPORT EARNINGS (~= 20 Billion USD)

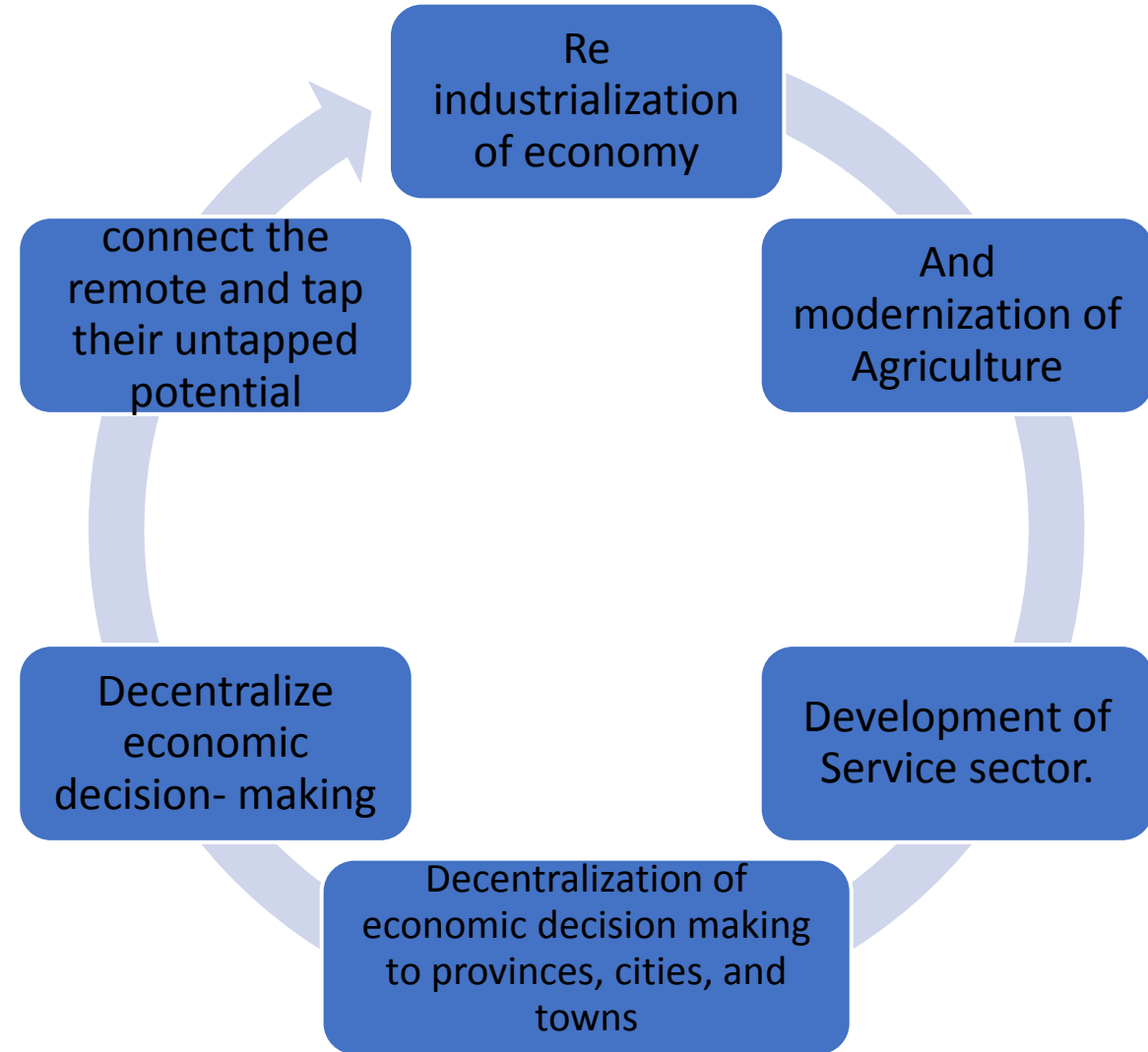
**WE HAVE BECOME A  
PRE-MATURELY  
DE-INDUSTRIALIZED  
ECONOMY**



# Problems and Challenges

- Now Major infrastructure projects are in the advance phase of completion. We Need to identify problems and look beyond some specific sectors.
- Modernization of agriculture sector.
- Re Industrialization
- Improvement in Service Sector and less reliance on Foreign remittances.
- Environmental Degradation

# Challenges for the next Phase

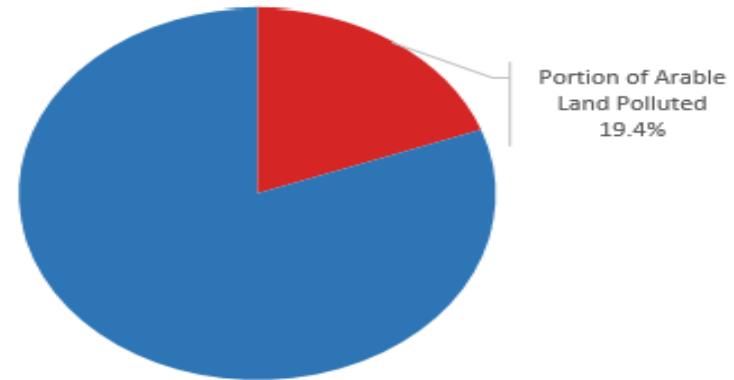




# CPEC 2

- CPEC in its advance stage has entered in to many other sectors.
- Agriculture: China's food import dependence is rising amidst continued degradation of arable land and depletion of its livestock and fisheries resources.
- For example, China has pursued hybrid rice cultivation in Pakistan for almost two decades now, trying new varieties that promise higher yields and are more temperature resistant.

% Of Arable Land Contaminated



■ Based on an official nation-wide survey from 2005-2013, 19.4% of China's arable land was found to be polluted by heavy metals and other toxins.



# Agriculture Sector

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- This year, the first export consignment of hybrid rice was sent to the Philippines. Now more land is expected to be brought under rice cultivation after this initial marker of success. A program has just been concluded in Mansehra, Swat, Sahiwal and Larkana (among other areas) to grow hybrid rice, where the testing was done on a certain variety to be grown under the very different temperature conditions in each of these regions.
- Chinese officials have shown interest in Pakistani yarn and coarse cloth to feed Xinjiang's growing textile industry. Low levels of literacy in farmers.

# Problems

- cluster farming' — or the land holding pattern of the country where the majority of farmers own small pieces of land (typically 12.5 acres or less) which inhibits economies of scale — poor state of land records and of course a highly dysfunctional water economy
- Low levels of farmers literacy and awareness
- low levels of formal credit for farmers
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# Other Sectors

Inner Mongolia Yili Industrial Group Company Limited, a Chinese state-owned enterprise, has expressed interest in acquiring up to 51 per cent of the voting shares and/ or control in the former with the intention of expanding R&D operations and manufacturing high-value-added dairy products to be exported to China.”

Cold storage facilities are being built for the export of sea food to China. First cold storage is operational in Khunjarab and more to be built in Karachi and Gawader.

# SME's and Foreign Investment

- Many countries are taking interests in joining CPEC and investing in Special Economic Zones. Central Asian, European and other countries including Turkey, Russia and Saudi Arabia could invest in the nine SEZs proposed.
- It will generate more employment opportunities.

Chitral Economic Zone

KHYBER PAKHTUNKHWA

Batagram Economic Zone

Mansehra Economic Zone

Ghazi Economic Zone

Hattar Economic Zone

Jahangira Economic Zone

Gadoon Amazai Economic Zone

Jalozai Economic Zone

D.I Khan Economic Zone

# Environment

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- Coal based power projects and deforestation for infrastructural development has raised serious concerns.
- China has also announced to restore BRI poplar tree along CPEC.



THANK YOU

谢谢