



# PRIME CPEC Monitor

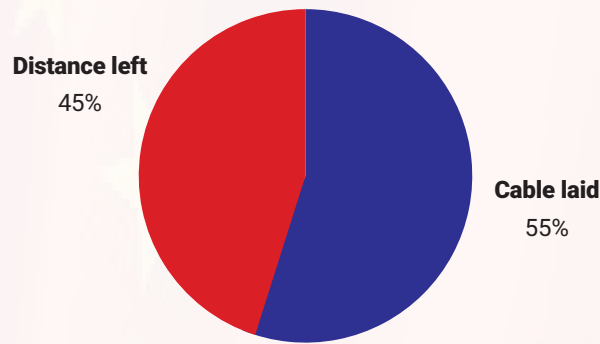


- **The federal government notified a new 11-member Cabinet Committee on CPEC. Ministry for Planning and Development's role made irrelevant.**
- **Orange Line Metro Train inaugurated in Lahore**
- **5 new Ship-to- Shore cranes have reached Gwadar Port.**
- **CPEC Lifts Pakistan Up In World Competitiveness Rankings**
- **Bank of China allowed to begin operations in Pakistan**
- **Power consumers to pay security cost of CPEC projects**
- **Toll income from CPEC could be three times the budget of Pakistan, after completion by 2030.**

China-Pakistan Economic Corridor's (CPEC) status as Pakistan's flagship economic project continues to grow. Intellectual debate on CPEC has developed considerably since its inception in April, 2015. As these discussions continue to expand our understanding of CPEC, the implementation stage of projects is fast progressing. At the same time, it also continues to evolve as priorities are adjusted and new additions to

CPEC are incorporated. The value of CPEC projects portfolio is now said to have reached \$62 billion from its initial \$45 billion. In the CPEC Monitor by PRIME Institute, we present updates on this critical endeavour. We primarily focus on the progress status of CPEC projects, their functional modalities and financial structure. We also highlight new institutional developments that government of Pakistan has set in place.

## CROSS BORDER OPTICAL FIBER



Of the 820km long, Rawalpindi-Khunjerab Fibre Optic Cable project, 450km of cable has been laid and the remaining project is expected to be completed by December, 2017. The Project's estimated cost is \$44 million USD. Eventually this cable is planned to be laid till Gwadar and from there to Karachi. Once completed, it would reduce Pakistan's dependence on the submarine cables that currently link Pakistan's digital communication with the rest of the world. This submarine cable service often gets disrupted thus disrupting the internet services in the country for a couple of days.

Pakistan Army wants this project to be made part of PSDP so that this project can be expedited. Earlier this year, some of Pakistan's inbound and outbound communications were found being re-routed through India. This is detrimental for the country's data security.

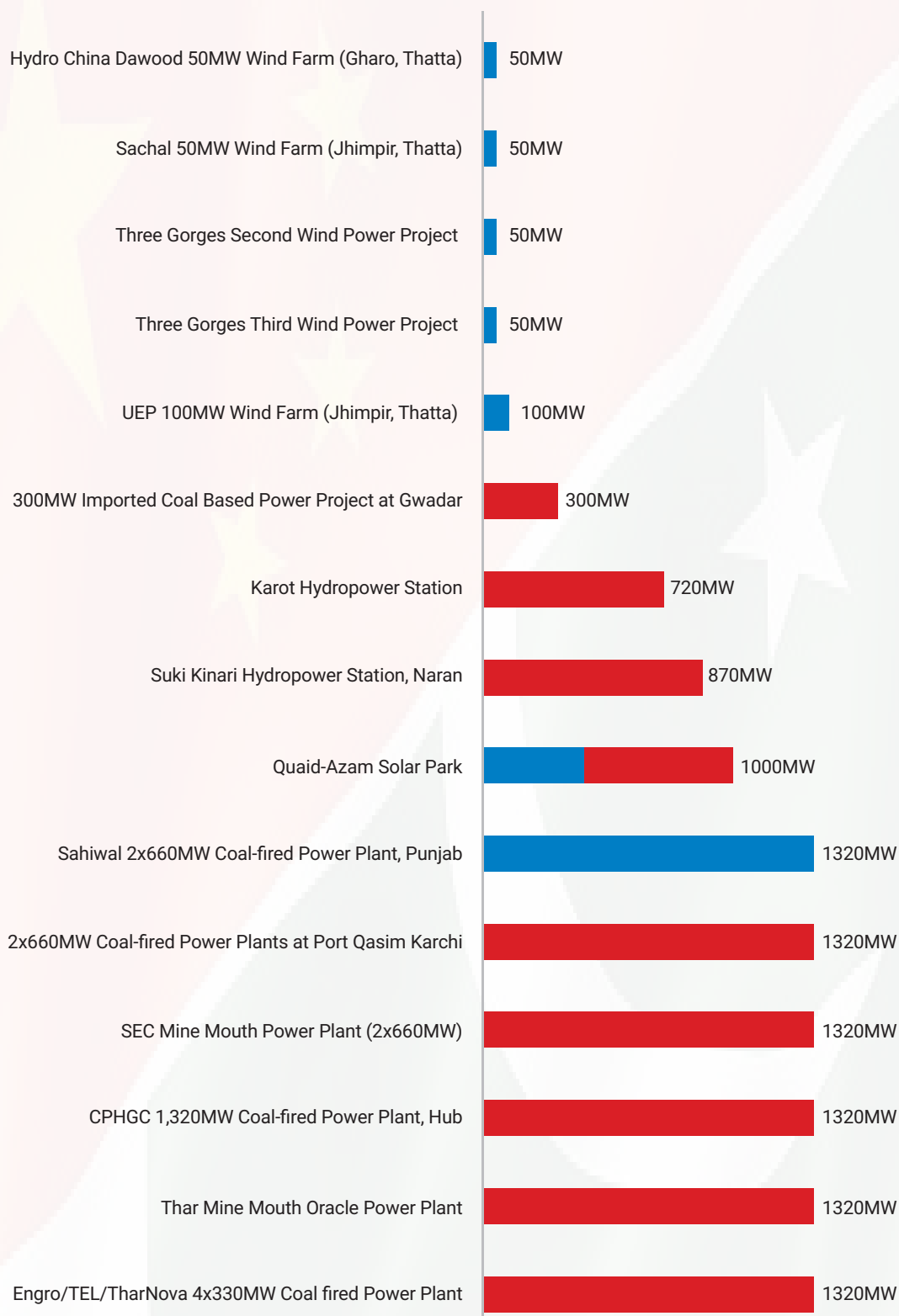
## CPEC RAIL BASED MASS TRANSIT PROJECTS



Of the four provincial rail-based mass transit projects, only the orange line in Lahore has shown infrastructural progress. The first set of rail bogies have arrived in Lahore and were inaugurated at a ceremony held on the 8th of October by CM Punjab Shehbaz Sharif. Work on a section of the track is under suspension by the order of the Lahore High Court for being a threat to the cultural heritage sites in its vicinity.

Eleven days after the inauguration ceremony of rail bogies by CM Punjab, CM Khyber Pakhtunkhwa held a ground breaking ceremony for the Peshawar Bus Rapid Transit Project on the 19th of October. CM Pervez Khattak said that the project would cost Rs.48 billion of which the provincial government would provide Rs.7 billion while the rest Rs.41 billion would be provided by ADB. He directed his officials to ensure completion of the project at any cost, within the stipulated six months time.

# CPEC ENERGY PRIORITY PROJECTS



■ In Progress  
■ Operational

## CPEC ENERGY PRIORITY PROJECTS

Of the fourteen CPEC-Energy Priority projects, four are already fully operational. Apart from the 1320MW Sahiwal Power Plant, all other harvested power projects till now, lie on the lower end of the spectrum, in terms of their installed capacity. It can be said that upto now, only the surface has been scratched as five power plants with a planned capacity of generating 1320MW each, are still under construction.

The country is set to have surplus electricity from early next year. One issue with surplus electricity is that the government has to pay the IPPs their full due tariff, regardless of demand. In the absence of demand for surplus electricity, the country may accumulate circular debt. In this scenario, it would be good if Pakistan can find market for its surplus electricity abroad. Otherwise, a surplus can be counter-productive; it is an indication of ill-planning.

## PRIORITY SPECIAL ECONOMIC ZONES (SEZ) Progress on land Acquisitions

Out of nine Special Economic Zones (SEZ) to be established as part of CPEC on priority basis, land has been acquired or allocated for seven. Pakistan will bear 50% of the mark-up cost of loans that investors will take for investment in CPEC zones. This support will be provided by the provinces where the zones are located and is a matter of big concern for Sindh.

Further, 50% of the freight subsidy on inland transportation of plant and machinery for installation and development in the priority SEZs, will be borne by the federal government. The respective provincial governments will provide plots by taking half of the payment in advance and the remaining will be paid in four bi-annual installments.