



CPEC Progress Evaluation

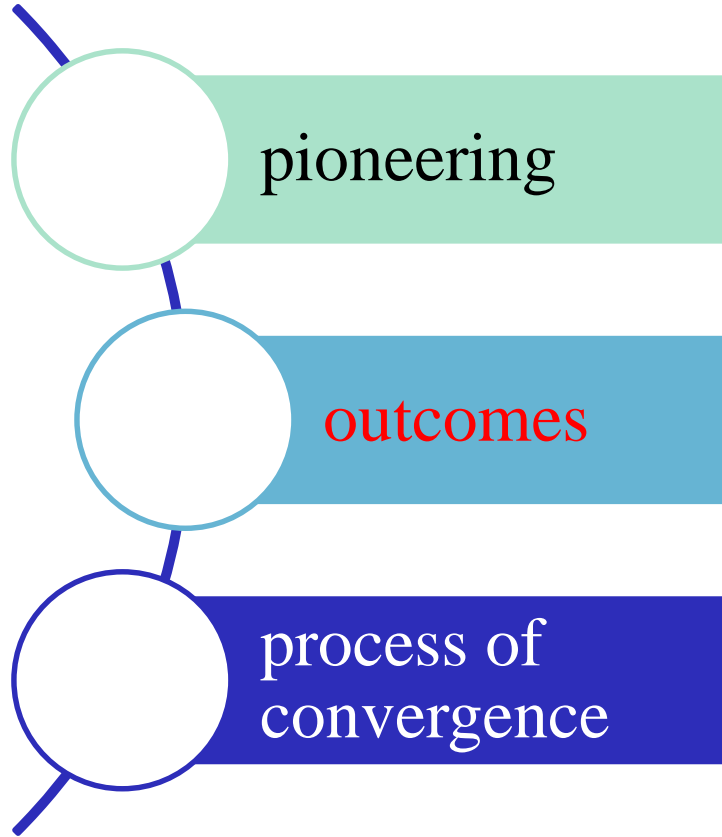
How Does Convergence of Priorities Take Place?

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21/11/2018 La Ciudad de Mexico

Why CPEC case?



Source: CPEC (Pakistani Side) Official Website

CPEC Illustration



Source: Internet (with purpose only for illustration)

CPEC Origins

- On May 23, 2013, the Chinese government and the Pakistani government issued *joint statement on deepening the comprehensive strategic cooperation between the two countries*. For the first time, the China-Pakistan Economic Corridor (CPEC) was put forward in official documents.
- Comparative: BCIM Apr. 2013



Embedded into BRI in a broad view

- March 28, 2015, the National Development and Reform Commission, Ministry of Commerce and Ministry of Foreign Affairs issued *Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road*, in which CPEC was gradually included in the overall consideration of the Belt and Road Initiative.



Embedded into BRI in a broad view

- The document clearly pointed out that the Belt and Road was to promote practical cooperation in all fields among the countries along the Belt and Road.
- Therefore, after being included into the framework of the Belt and Road, CPEC's objective was more focused on bring tangible development dividends to Pakistani, which was the reason why CPEC gradually faded out its geographical circumstances.

CPEC Priorities in Change

- Original the physical connection and trade route between Gwadar Port and Kashgar
- but increasingly highlight the comprehensive development including energy and transportation infrastructure
- Finally prioritize on electricity projects that reflects the urgent needs for people's needs

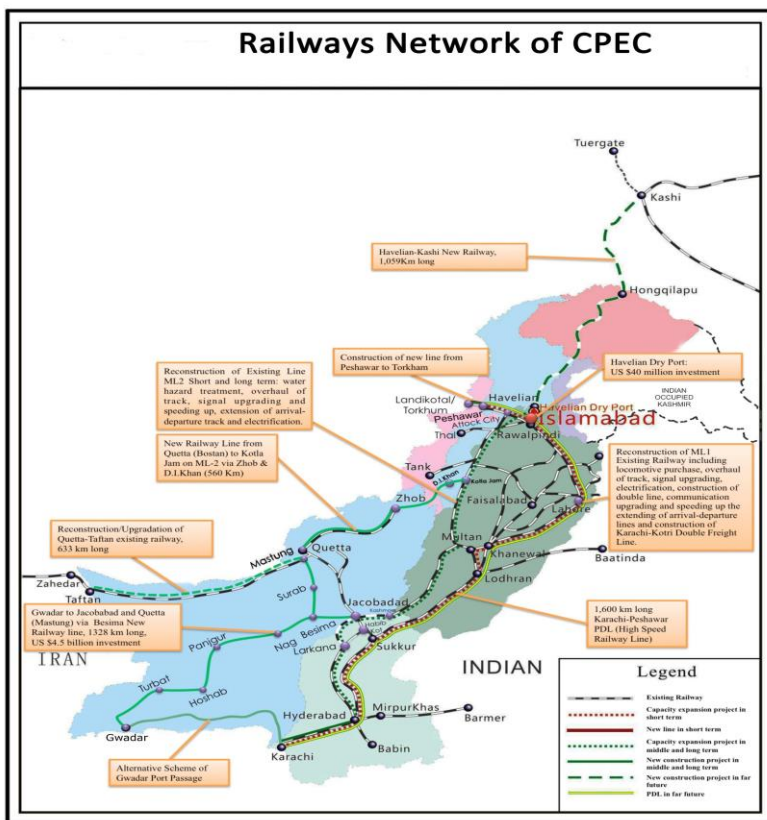


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CPEC Priorities in Change

From Physical Connectivity

To Electricity and a more broadly-defined Connectivity



- Gwadar Port
- Transport infrastructure
- Energy
- Industrial cooperation.

- Transport infrastructure
- Energy
- Gwadar Port
- Industrial cooperation.

- Energy
- Transport infrastructure
- Gwadar Port
- Industrial cooperation.



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Synergy of Development Strategies

- What are the reasons behind the change?
- How does the synergy of development strategy of China and Pakistan, or in another word, convergence of policies take place?



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Synergy of Development Strategies

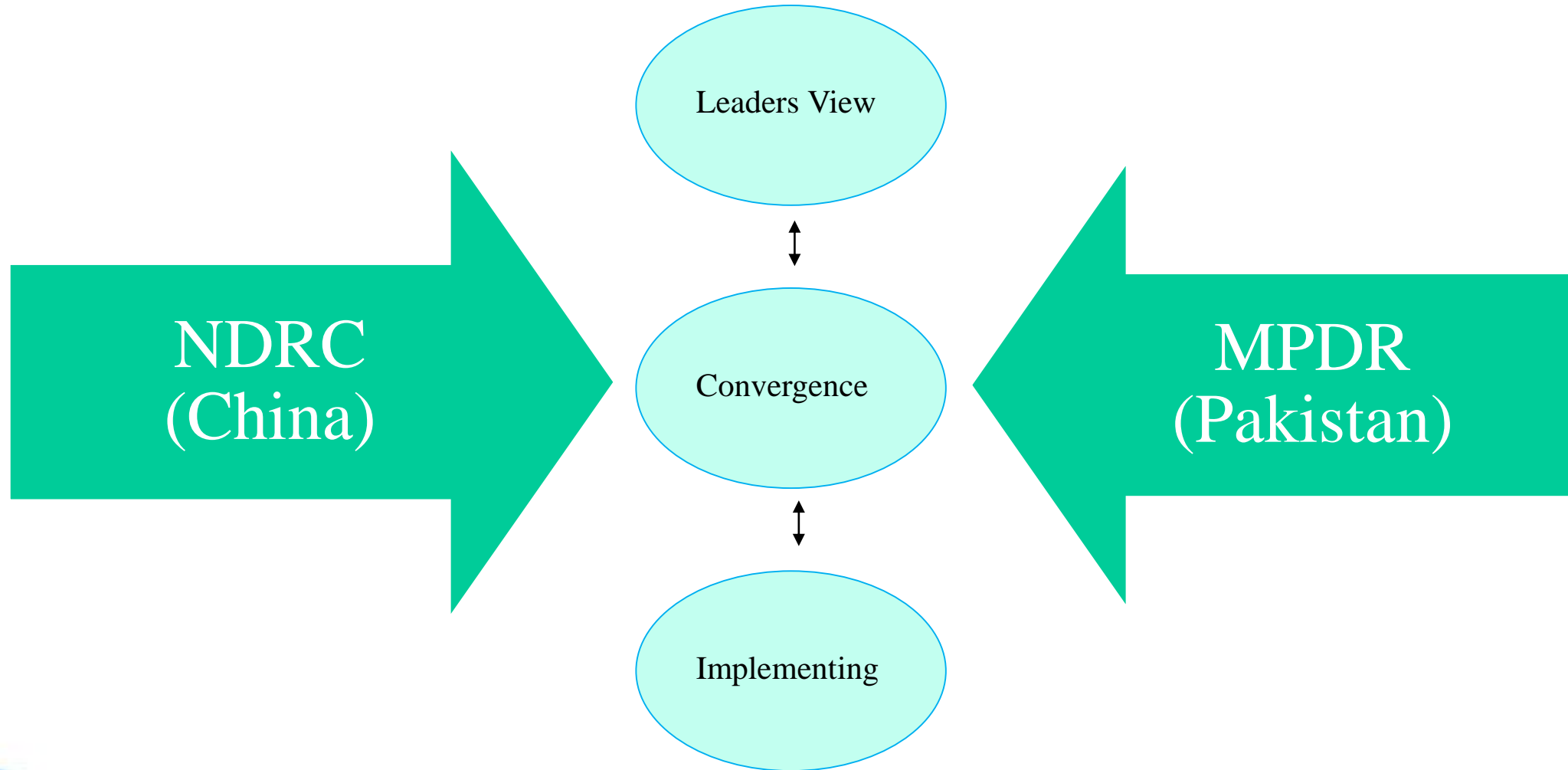
--Bureaucratic View (Model?)

- The construction of CPEC couldn't do without the leading design of the National Development and Reform Commission (NDRC), which deeply affected the determination of priority direction of CPEC.
- NDRC did intensive field researches and mastered the actual needs of Pakistan. Both aspects promoted the proportion and importance of electricity in CPEC.



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Synergy of Development Strategies --Bureaucratic View (Model?)





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Synergy of Development Strategies: A Pakistanian perspective

- “Energy Crisis”
- In this, an important way was to settle the energy crisis, which has been lasting for a long time, especially the shortage and instability of electricity.



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Connecting to the Indian ? Not in development strategy

- Although the idea of Connecting the Indian Ocean was a grand imagine of some of China and Pakistan, but China and Pakistan have not yet implemented it as a development plan and projects.
- During this process, the efforts of academic circles of two countries have also jointly promoted the evolution of the connotation of CPEC.

The urgent need to deal with the power crisis

- Synergize the development strategies with that of other countries in the region.
- Pakistan ——first considers the most pressing development needs.
- China—— how to get started

Underdeveloped economy

- Pakistan's economy has been underdeveloped, with a per capita gross domestic product (GDP) of \$ 1435 in 2015, well below the world average of \$ 10023 in the same year.
- The continued shortage of electricity supply is the restricting element of Pakistan's national economy development .
- Pakistani peoples' complaint, loss and appeals

Huge electricity gap

- In June 2013, when Sharif came to power, Pakistan was experiencing a severe power crisis.
- During three years from 2013 to 2015 , Pakistan has been facing up to 4500 megawatts of electricity gap every day, and that has reached 5,000 megawatts in 2015.

No Other Alternatives

- The United States: big words, little move
 - Iran: political tensions, Iran nuclear issue, slow progress
 - Saudi Arabia: crude oil only for emergency, instable supply
- (Recent development: Saudi has joined CPEC)

- Urgent need for electricity
- Other foreign investments are sluggish or unsustainable



- *Power Cooperation between China and Pakistan is a priority.*

Concrete Results in Electricity

- In the 51 agreements reached by both sides, the energy and electricity agreement accounted for 20, of which 17 are electric power projects (see Table below).



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Category	Amount	Content
policy coordination	6	Joint Statement between the People’s Republic of China and the Islamic Republic of Pakistan on establishing the all-weather strategic cooperative partnership.
		Minutes of the 4th JCC of China-Pakistan Economic Corridor.
		MOU on Cooperation between NDRC of the People’s Republic of China and ministry of Planning Development and Reform of the Islamic Republic of Pakistan.
		Protocol on establishment of Sister Cities Relationship between Chengdu city Sichuan Province of PRC and Lahore City.
		Protocol on establishment of Sister Cities Relationship between Zhuhai City, Guangdong province of the People’s Republic of China and Gwadar city, Balochistan of the Islamic Republic of Pakistan.
		Protocol on establishment of Sister Cities Relationship between Karamay City, Xinjiang, autonomous region of the People’s Republic of



MINISTRY OF
INFORMATION,
BROADCASTING
AND NATIONAL
HERITAGE

Category	Amount	Content
financial support	2	Protocol on Banking Services to Agreement on Trade in Services.
		Framework Agreement of Financing Cooperation in Implementing the China-Pakistan Economic Corridor between China Development Corporation and HBL.
people-to-people bonds	4	MOU on cooperation between the State Administration of Press, Publication, Radio, Films and Television of China and Ministry of Information, Broadcasting and National Heritage of Pakistan.
		Triple Party Agreement between China Central Television and PTV and Pakistan Television Foundation on the re-broadcasting of CCTV-NEWS/CCTV -9 Documentary in Pakistan.
		MOU between NUML Pakistan and Xinjiang Normal University, Urumqi China for Cooperation on Higher Education.
		Agreement on collaboration on establishment of NUML International Center of education (NICE) between NUML Pakistan and Xinjiang Normal



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Category	Amount	Content
Technological cooperation	7	Economic and Technical Cooperation Agreement.
		Exchange of Notes of feasibility study of the Demonstration Project of the DTMB.
		Exchange of notes on provision of Anti-Narcotics Equipment.
		Exchange of notes on provision of Law Enforcement Equipment.
		MOU on establishment of China-Pakistan Joint Cotton Bio-Tech Laboratory between the Ministry of Science and Technology of the People's Republic of China and the Ministry of Science and Technology of the Islamic Republic of Pakistan.
		Protocol on the Establishment of China-Pakistan Joint Marine Research Center between State Oceanic Administration of the People's Republic of China and the Ministry of Science and Technology of the Islamic Republic of Pakistan.
		MOU on provision of Material for Tackling Climate Change between National Development and Reform Commission of the People's Republic of China and Ministry of Finance (EAD) of the Islamic Republic of



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Category	Amount	Content
Gwadar port	4	<p>Exchange of Notes on Feasibility Study of Gwadar Hospital between the Government of the People's Republic of China and the Government of the Islamic Republic of Pakistan.</p> <p>MOU on provision of Chinese Governmental concessional Loan for Gwadar port East Bay Expressway Project between Ministry of Commerce of the People's Republic of China and Ministry of Finance and Economic Affairs of the Islamic Republic of Pakistan.</p> <p>MOU on provision of Chinese Governmental concessional Loan for Gwadar International Airport between Ministry of Commerce of the People's Republic of China and Ministry of Finance and Economic Affairs of the Islamic Republic of Pakistan.</p> <p>MOU on Pro Bono Projects in the Port of Gwadar Region between Ministry for Planning, Development and Reform of the Islamic Republic of Pakistan and the International Department of the Central Committee of the Communist Party of China.</p>



Category	Amount	Content
facilities connectivity	7	Framework Agreement on Cooperation on Major Communications Infrastructure Project
		Framework Agreement on Joint Feasibility Study for Up-gradation of ML1 and Establishment of Havelian Dry Port
		Provision of Chinese Governmental Concessional Loan for Second Phase Up-gradation of Karakorum Highway (Havelian to Thakot)
		Provision of Chinese Governmental Concessional Loan for Karachi-Lahore Motorway (Multan to Sukkur)
		Agreement on Financing for Lahore Metro Train's Orange Line Project
		Commercial Contract on Lahore Metro Train's Orange Line Project
		Memorandums of Understanding on Financing for Second Phase Up-gradation of Karakorum Highway (Havelian to Thakot), Karachi-Lahore Motorway, Gwadar East Bay Expressway and Gwadar International Airport Projects



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Category	Amount	Content
industrial park	1	Framework Agreement for Promoting Chinese Investments and Industrial Parks Developments in Pakistan
Energy & Power	20	Framework Agreement on the Energy Project Cooperation of China-Pakistan Economic Corridor
		Loan Agreement on Jhampir Wind Power Project
		Financing Agreement on Suki-Kinari Hydropower Project
		Financing Agreement on Qasim Port Coal-fired Power Plant Between the Export-Import Bank of China and Qasim Port Electric Power Company
		Cooperation Agreement on Qasim Port Coal fired Power Plant Between Power Construction Corporation of China and Government of Pakistan



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		Cooperation Agreement for Matiyari-Lahore and Matyari(Qasim Port)-Faisalabad Transmission and Transformation Project Between National Transmission Distribution Company (NTDC) of Pakistan and State Grid Corporation of China.
		Framework Facility Agreement for Karot Hydropower Project Between China Development Bank, Export-Import Bank of China and Karot Power Company
		Facility Term Sheet for Zenergy 9x100 MW Solar Project in Punjab, Pakistan
		Terms and Conditions in Favor of Engro Coal Mining Company for Thar Coalfield Block II 3.8Mt-per-year Mining Project by Sindh Province, Pakistan and China Development Bank
		Terms and Conditions in Favor of Engro Coal Mining Company for Thar Coalfield Block II 2x330MW Coal-Fired Power Project by Sindh Province, Pakistan and China Development Bank
		Memorandums of Cooperation Between Water and Power Development Authority and China Three Gorges Corporation

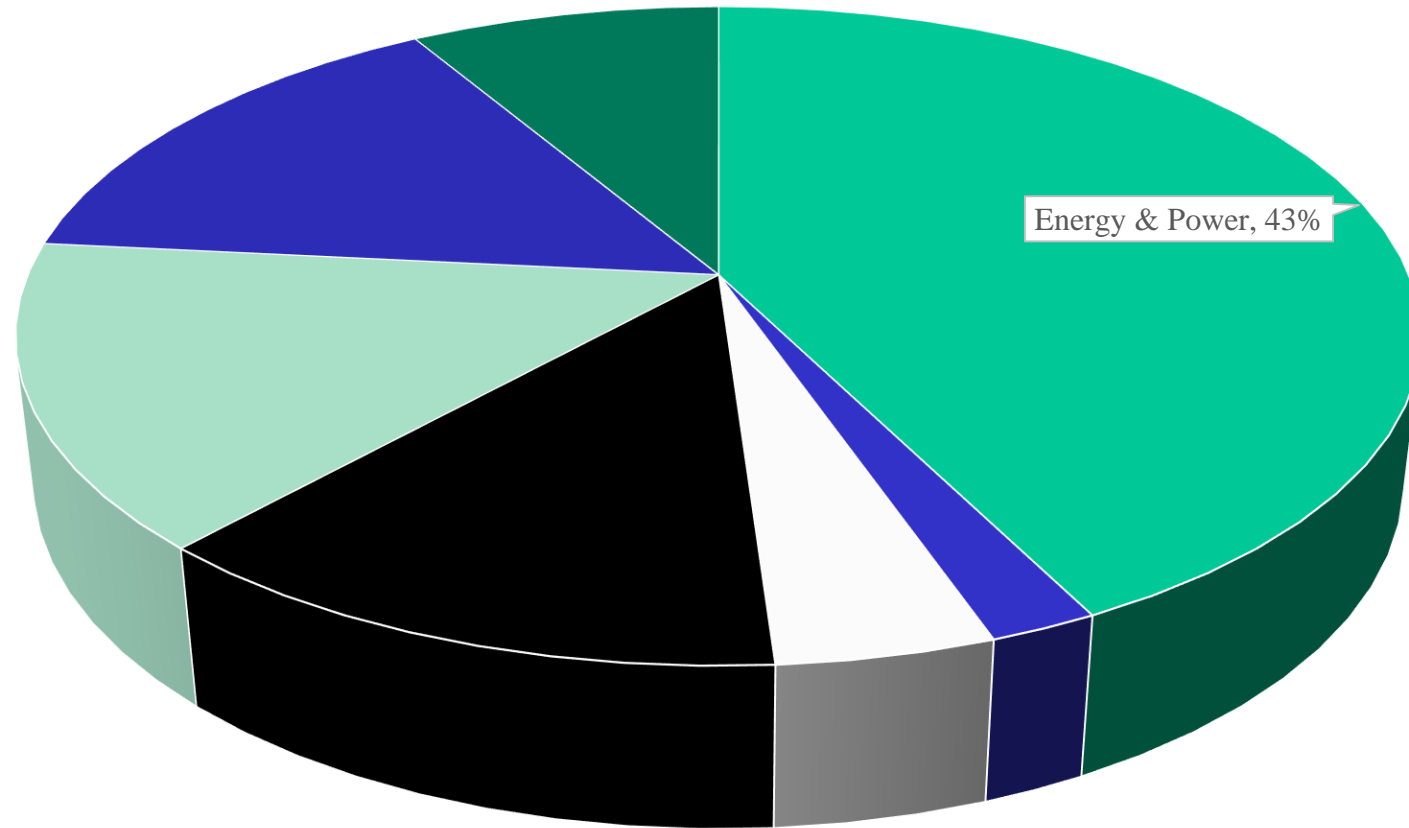


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		Financing Agreement on Thar Coalfield Between Industrial and Commercial Bank of China and Sino-Sindh Resources Ltd (SSRL)
		Cooperation Agreement on Thar Coalfield Coal-Power Integration Project Between SSRL and Shanghai Electric Group
		Facility Operating Agreement for Dawood Wind Power Project
		Framework Agreement about Energy Strategic Cooperation Between Punjab Province, Pakistan and China Huaneng Group
		Facility Agreement for the Sahiwal Coal-fired Power Plant Project
		Cooperation Agreement on Hubco Coal-fired Power Plant Project
		Facilitation Agreement on Rock Salt Mine Coal-fired Power Project
		Framework Agreement about Liquefied Natural Gas Receiving Station and Pipeline Project
		Memorandums of Understanding on Development of Private Hydro Power Projects.



CPEC Projects in Items



- Energy & Power
- Industrial Park
- Financial Support
- Policy Coordination
- People-people Exchanges
- Technological Cooperation
- Gwadar Port
- Infrastructure

- The table and chart above clearly shows the priority has been given to the power projects.
- Since then, the power station projects of China-Pakistan Economic Corridor are progressing rapidly.



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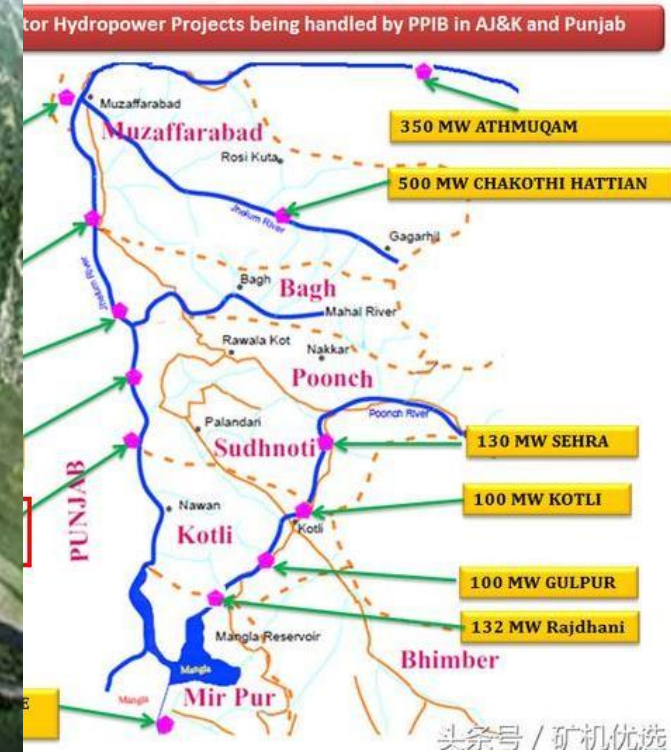
- In December 2015, China-Pakistan Economic Corridor's first coal and electricity integration project—the THAR coalfield Block Mining and Power Project signed a financing agreement.





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- The construction team of the Karot hydropower station also acquired the development rights of the Kohala hydropower station.





- The tangible results are also embodied in the project contract.
- The single investment in the electricity sector contract is often larger.
- For example, Power Construction Corporation of China has totally invested 2.085 billion dollars for the Qasim Clean-Coal Fired Power Plant Project, and the investment of China Three Gorges Corporation in Carter Hydropower Station Project are 1.65 billion dollars.



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Belt and Road fundings help power station construction

- Power plant construction can take the lead, another important reason is to get financing under the framework of the Belt and Road initiative, which is directly related to the concept of common development and docking development strategies of the Belt and Road initiative.



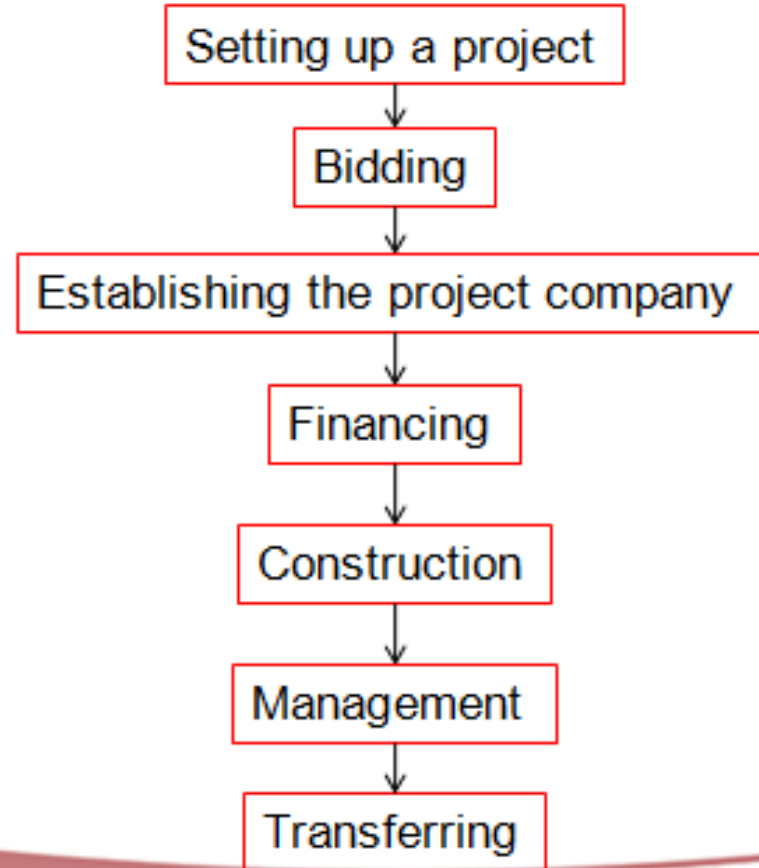
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- In April 2015, the Silk Road Fund, China Three Gorges Corporation, the Pakistan Private Electricity and Infrastructure Committee (PPIB) signed a Memorandum of Understanding to jointly build the Karot



**BOT
model**

- The project in the construction process is owned by the contractor company that is responsible for operation in the franchise period.
- After the construction expiration, it is eventually owned by the host country (often the government).





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Contractors:

**China Three
Gorges
Corporation**

**China
National
Machinery
Imp. & Exp.
Corp.**

**Karot
hydroelectric
station in
Pakistan**

Financing: the Silk Road Fund

Karot hydroelectric station project

Transferring to: Pakistanian Gov.





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- Other power plant projects have also been financed by different channels.
- April 10, 2017, led by the Industrial and Commercial Bank of China to finance, the Pakistan Sachal Wind Power Project was into commercial operation.





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- May 27, 2017, led by the Industrial and Commercial Bank of China to finance, jointly invested by the Shandong Power Generation Co., Ltd. of China Huaneng Group and Shandong Ruyi Group, the Pakistan's Sahiwal Power Plant successfully generated electricity.





- In May 2015, the Qasim Clean-Coal Fired Power Plant signed a contract for the supply of equipment, marking that the "priority implementation project" was officially launched.



Coal-fired power plants in PORT MUHAMMAD BIN QASIM

Qatar Asset Management
Company (AMC)

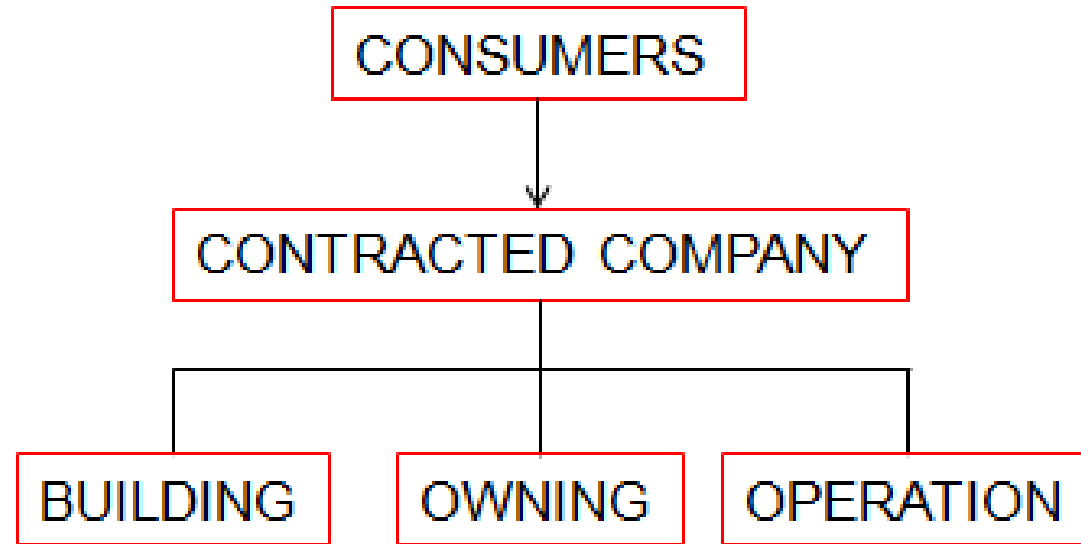


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**BOO
model**

—The project is eventually owned by the contracted company, which in the concession period may also hold ownership.



Conclusion of CPEC Case Study

- Objective: Common development, ppl's needs
- Synergy: Co-consultation and Convergence
- Policy coordination: Co-building
- Process: Changing according to reality
- Results: Co-shared by business and the people

Recent Development

New Leaders



Recent Development

New Players

- Afghanistan
- Saudi Arabia
- American Business
- British Services
- Japan?



Recent Development

New Problems

- “Debt Trap”
- Long-term Plan
- Industries and Private Business
- Domestic Issues
- External Problems

Belt and Road Initiative: A Living Process





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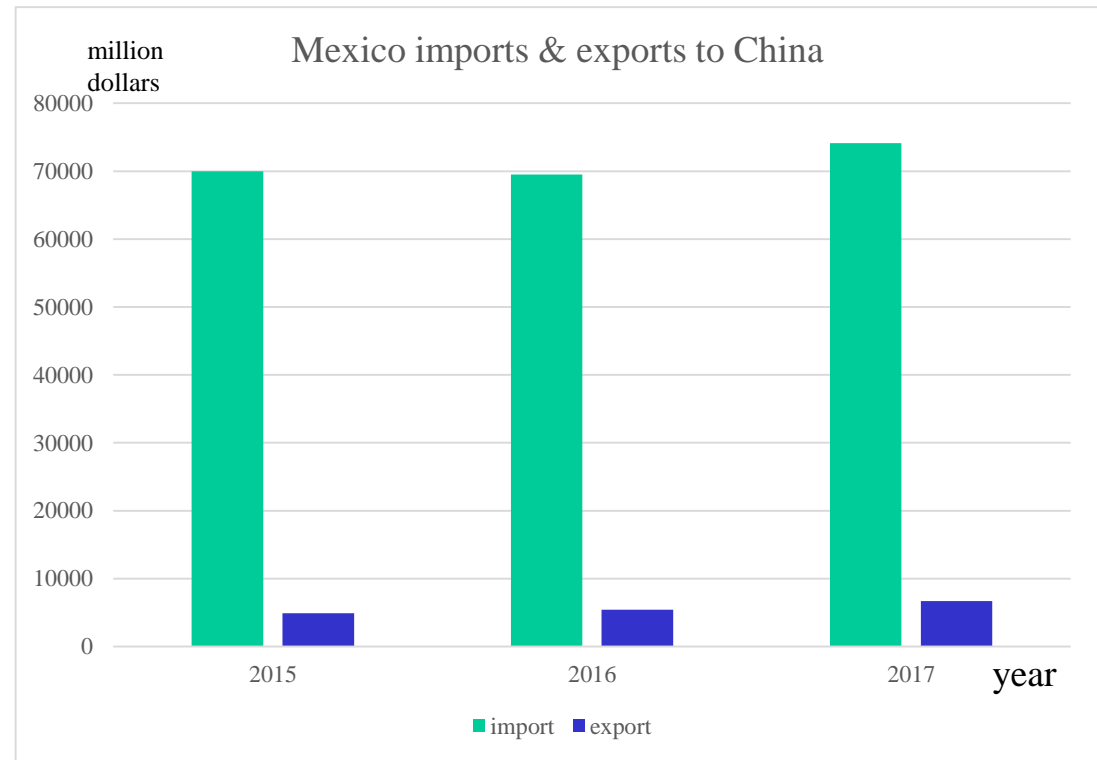
What is its implication to China-Mexico?



It is where we are now for BRI cooperation.

What is its implication to China-Mexico?

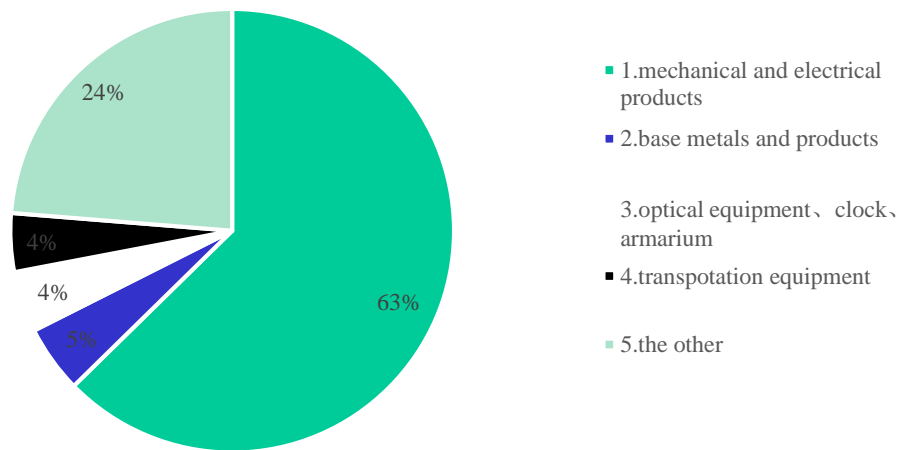
Imbalanced Trade Structure



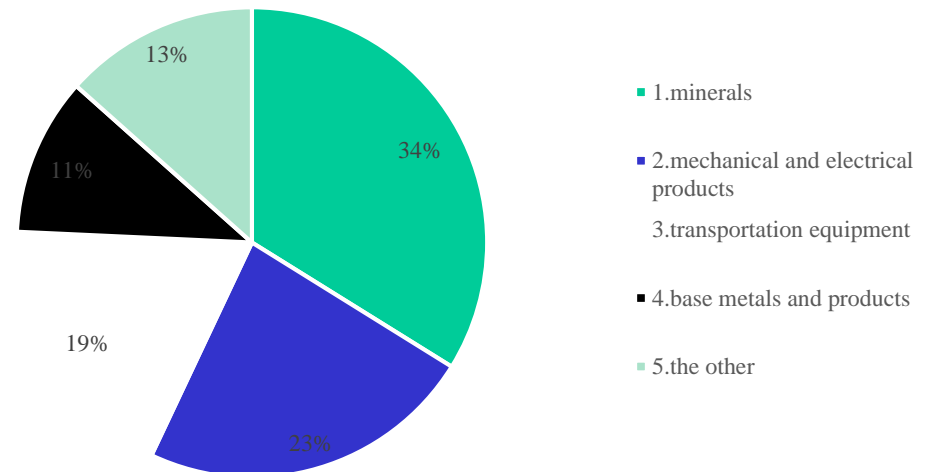
What is its implication to China-Mexico?

Complementarity of export structure starts to increase, though new challenges are looming.

The composition of Mexico's imports from China
(2017)



The composition of Mexico's exports to China
(2017)



What is its implication to China-Mexico?

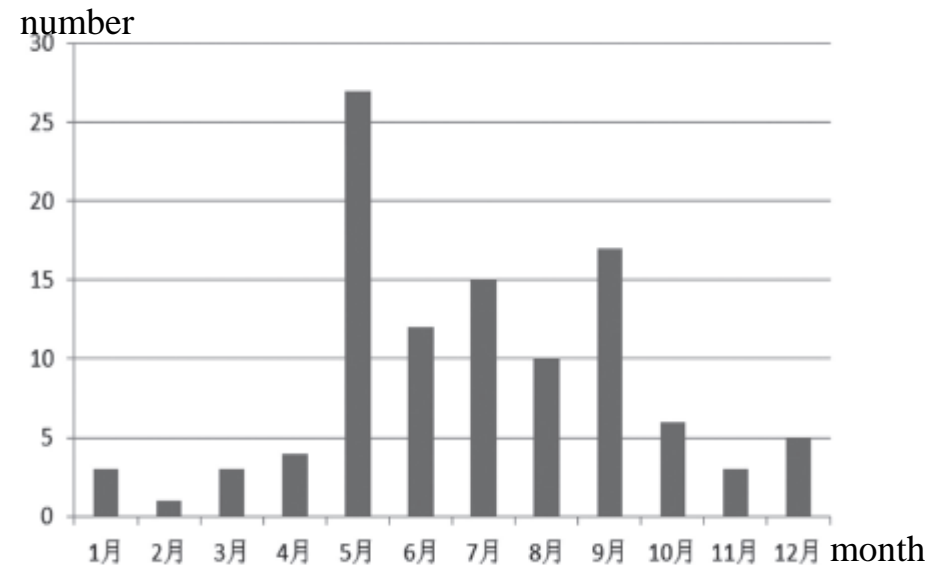
- The USA is a traditional trade partner who has the **biggest share of exports** to Mexico.
- The USA, Mexico and Canada signed the new agreement of free trade “**USMCA**”, which changed some former rules in NAFTA.



What does Mexico think about BRI?

- During the whole year of 2017, the major media of Mexico reported 106 articles about BRI.
- 104 of the reports showed their positive attitude and expectation towards BRI.

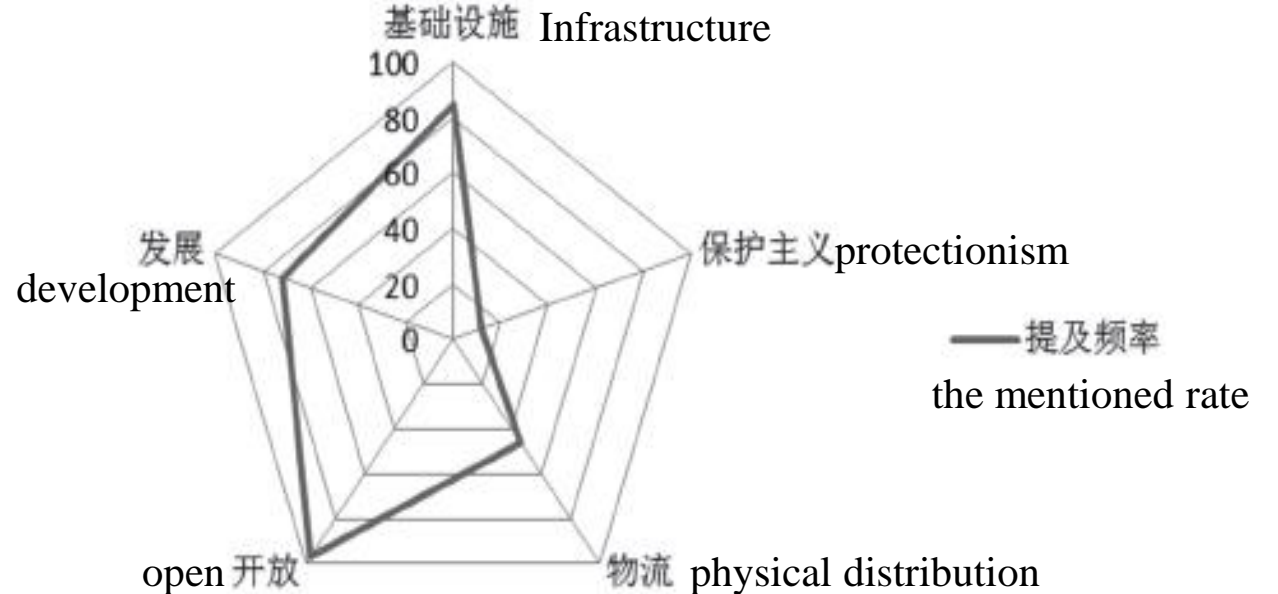
The number of reports from mainstream media of Mexico
(2017)



What does Mexico think about BRI?

- **Infrastructure**: They think the purpose of BRI is to promote the connectivity of infrastructure.
- **Deployment**: They believe the fundamental objective is to promote cooperation and deployment.
- **Physical distribution**: They hope Mexico can consolidate its status as a world-class Logistics platform.
- **Open**: They think BRI is mutually beneficial and full of openness.

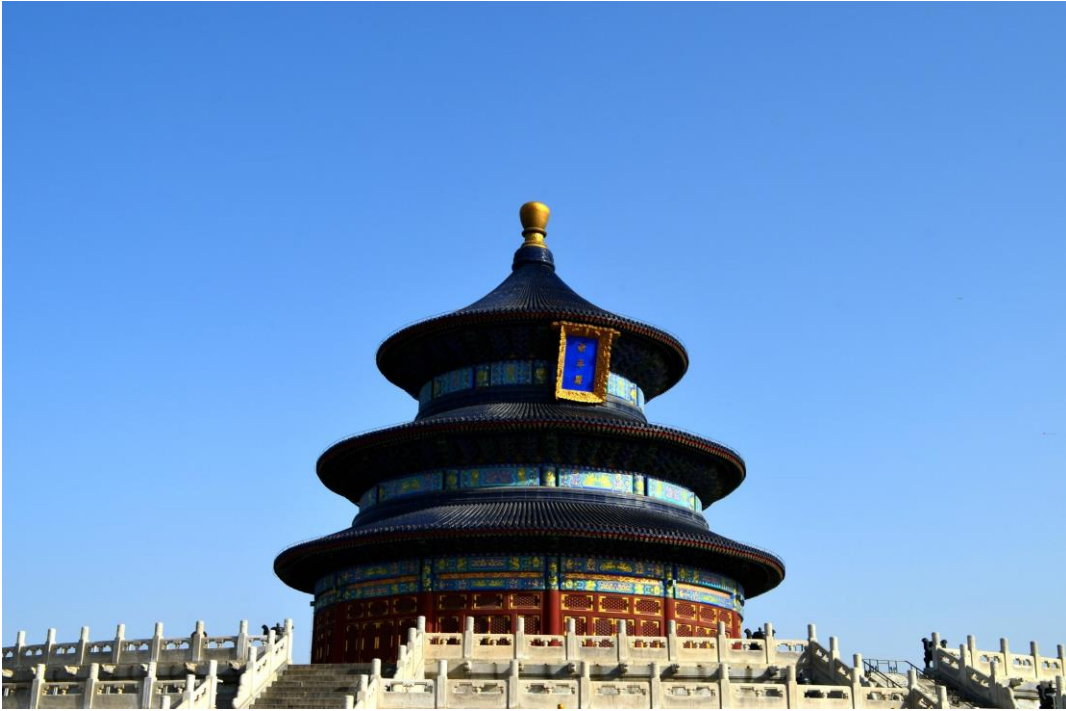
High-frequency words from the 106 reports of BRI





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Look for Convergence





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Look for Convergence

Made in China

Made in Mexico



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¡Gracias!

谢谢!

Thank You!



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