

CPEC to be opened to other countries: minister

ISLAMABAD: Criticising the last PML-N government for what it called wasting a lot of time, the PTI government on Thursday announced that it would speed up implementation of the \$62 billion China-Pakistan Economic Corridor (CPEC), open it to other countries and hire international consultants for financial modelling of future projects.

Speaking at a news conference after a meeting held to review progress of CPEC-related projects, Minister for Planning and Development Makhdoom Khusró Bakhtiar played down some critical comments about Chinese loans in the CPEC portfolio, but hinted at exploring new financing options for future projects.

Chinese Ambassador Yao Jing also attended the 56th quarterly progress review meeting.

Responding to a question about the possibility of re-negotiating with China for rescheduling of loans to prolong repayment period under CPEC projects, the minister said China had executed \$6bn infrastructure projects through loans and their repayments were not due before 2021.

He said Chinese loans were among the \$95bn total outstanding foreign loans and the government would meet all financial obligations on Pakistan. He criticised the PML-N government for constructing motorways and roads at a cost of \$6bn and the Lahore Orange Line Train project at \$2.5bn, but putting the critical Main Railway Line (ML-1) project worth \$9bn on the back burner.

“We have decided to conduct a study for exploring new mode of financing in order to undertake future projects on a build, operate and transfer basis, instead of the existing mode of engineering, procurement and construction contracts by

securing loans,” he said, adding: “We are working on financial modeling of future projects.”

Mr Bakhtiar, who was a PML-N lawmaker in previous parliament, said the PTI government had decided to abandon future energy projects based on imported coal, perhaps not knowing that the ban on all future projects based on imported fuel was imposed in August 2016 when it emerged that already contracted projects would be enough to meet the immediate energy crisis. The minister, however, clarified that the ongoing power projects like those at Sahiwal and Port Qasim would continue to function and would remain operational.

He said the government also decided to create a business council to have larger input and consultations to take the CPEC to a higher trajectory, particularly through industrialisation and the maritime sector. “We have decided to establish new joint working group for social economic development where projects related to education, health, vocational training and capacity building will be firmed up.”

Responding to a question, Mr Bakhtiar said power sector circular debt was the biggest challenge Pakistan faced at the moment, adding that no energy policy could succeed unless power distribution companies were turned around. He said energy mix would also be changed as the last PML-N government had focused only on power generation but ignored transmission and distribution that resulted in piling up of circular debt.

The minister said the government had taken important decisions regarding the CPEC, including the ongoing projects of energy and infrastructure which would be completed under the early harvest programme. The industrial cooperation, he said, would be boosted because manufacturing base had shrunk in the country.

Mr Bakhtiar said the last government had wasted five years whereby it could not focus on development of Gwadar and ML-1,

adding that the new government would open up for investments in Gwadar by countries, other than China and Pakistan. He said Pakistan was infrastructure deficient and required \$200bn to meet infrastructure requirements.

The minister said the government would hire independent consultants for devising best design and execution plan for projects like ML-1 because it was necessary to have best possible advice with a cost of \$2-3 million before executing them. He said the previous government's catch-up mode compromised bargaining position, but now studies would be done before visiting China in November or December this year for the next Joint Working Group meeting.