

Chinese investment

THE next phase of CPEC was supposed to have been under way by now, with large Special Economic Zones being opened up and Chinese investors invited to acquire stakes, either via joint ventures, public-private partnerships or direct foreign investment, in various sectors of the economy. All the movement on CPEC that has been seen thus far — power plants, the Gwadar port and some road projects — was only the ‘early harvest’ phase. The real game in CPEC was always about preparing the landscape in Pakistan to absorb large quantities of Chinese investments in diverse sectors, ranging from electronic appliances to cement, automobiles, metals and mining — with a special focus on agriculture. The sweeping vision laid down in the Long-Term Plan was an indication of what is to come.

But it seems that at least two years have been wasted — there has been a prolonged period of political uncertainty, and failure on the part of the PTI government to find a decisive path forward regarding CPEC. Construction of the SEZs is only a part of what needs to be done to move ahead with the project. Arranging infrastructure within these zones, together with ensuring connectivity to the ports and cities, the supply of gas, water and power, labour and a residential environment for those who are supposed to live and work within these SEZs is a sprawling task. The latter requires a concerted effort by the federal government and effective coordination with provincial authorities. In agricultural investment, the policy environment needs equally decisive reforms to facilitate the entry of foreign investment. The state of limbo that the entire enterprise is mired in was underscored at a recent meeting between the highest levels of the Pakistani government and a large delegation of Chinese investors, led by the Chinese ambassador to Pakistan, in which they spoke of a possible \$5bn investment in Pakistan under the CPEC framework. Much work remains to be done before that potential can be realised, though, and it seems that one of the purposes of the meeting is to build upon the interactions that Prime Minister Imran Khan had during his last visit to Beijing. It is time for the PTI government to make up its mind, and resolve whatever tensions it has with the proposed CPEC investments; it should either move the enterprise forward in a clear direction, or scrap it altogether. The state of limbo needs to end.

Editorial