Pakistan: National Energy, Trade, Transport and Industrial Corridor (NTC) for National Development and Regional Cooperation including Western China

Authors:
Dr. Asad Ali Shah (Former Member, Infrastructure, Planning Commission of Pakistan) – Senior Fellow
Ali Shah – Head of Research and Analysis
Umar Irfan Akhtar – Research and Policy Associate

Printed in Pakistan by
The China-Pakistan Joint Think Tank
National University of Sciences & Technology
H-12
Islamabad
www.nust.edu.pk

China-Pakistan Joint Think Tank is a trilateral collaboration between the National University of Sciences and Technology (NUST), Islamabad, Tsinghua University, Beijing, and Southwest University of Political Science and Law (SWUPL), Chongqing, China.

©China-Pakistan Joint Think Tank, July 2013

All rights are reserved. For information and permission regarding the copyright contact China-Pakistan Joint Think Tank.

Disclaimer: The views expressed in this paper are those of the authors solely and do not in any way reflect the views of China-Pakistan Joint Think Tank or of the three partner universities.

Cover design: Marketing and Communications Office, NUST
Pakistan: National Energy, Trade, Transport, and Industrial Corridor (NTC) for National Development and Regional Cooperation including Western China
President’s Message

Respected Friends,

I am pleased to share with you the current working paper of the China Pakistan Joint Think Tank. The paper is timely since the groundswell of mutual goodwill that has followed the instatement of new regimes in China and Pakistan has resulted in China’s Premier choosing Pakistan as his first official foreign visit destination after assuming office and in Pakistan’s Premier deciding to make his first official foreign visit to China. During the latter’s visit, the joint statement, “Common Vision for Deepening China-Pakistan Strategic Cooperative Partnership”, released by China and Pakistan, underscores the crucial significance of enhancing multi-dimensional China-Pakistan cooperation for peaceful, secure and harmonious region. The National Trade Corridor (NTC) concept is a suitable vehicle for the formulation of high-level master plan and implementation strategy for the “China-Pakistan Economic Corridor”, as the mutual cooperation vision of the two countries has been proclaimed by their new governments in the above-mentioned joint statement. The paper discusses the lasting significance of developing multimodal corridors for fostering regional connectivity and economic integration. The paper advocates a holistic and integrated win-win approach to broad-based cooperation in the region not only between China and Pakistan but also the cooperation of Pakistan and China respectively with other countries in the region and beyond. The following analysis is based on realistic assessment of the geopolitical realities and trade opportunities present in the region. As a result of its inherent realism, it has become possible to take account of the national, regional and international context of the implementation of NTC in a manner that is based on mature not naïve optimism. It is my hope that the working paper will contribute positively to enhancing Pakistan’s economic cooperation with China and the region.

Amer Hashmi

President
China-Pakistan Joint Think Tank
# Table of Contents

1. Purpose of the Working Paper
   
2. The National Trade Corridor (NTC)
   
   2.1. Backdrop
   
   2.2. National Trade Corridor Improvement Program (NTCIP)
      
      2.2.3. Original Vision, Structure, Plan and Outcome
   
3. The Importance of NTC for Regional Cooperation
   
   3.1. Recent Interaction between Chinese and Pakistani Think Tanks and Its Impact on Regional Cooperation
   
4. Conclusions and Recommendations
   
Maps and Figures:

Map 1: Diverse Opportunities for Multidimensional Regional Cooperation

Map 2: NTC: The Multimodal National Energy, Trade, Transport, and Industrial Corridor

Map 3: Gwadar’s Connectivity with China and Central Asia

Map 4: The Proposed Turkmenistan-Afghanistan-Pakistan-India Gas Pipeline

Map 5: The TAPI and IP Gas Pipelines

Map 6: TRACECA’s Eurasian Land Bridges

Map 7: CAREC’s Six Corridors

Figure 1: 2030 Revised Plan for National Energy Mix

Figure 2: Primary Energy Mix of a few Countries (in percentages)

Bibliography
1. Purpose of the Working Paper

1. The Vision for Pakistan is that of a developed, industrialized, just and prosperous country through rapid and sustainable development in a resource-constrained economy by deploying knowledge inputs. An important ingredient of achieving this vision will be building competitive advantage through a variety of measures, including improvements in the provision and quality of infrastructure to reduce the cost of doing business. This should lead to enhancing internal and regional trade, which is and will be a key driver of growth for the country. Since a large part of this internal and external trade (about 80 percent) takes place on the north-south axis of the country along the Indus River, the development of the national energy, trade, transport, and industrial corridor also known as the National trade Corridor (NTC) should be expedited to upgrade the existing multi-modal and socio-economic infrastructure needed to realize the full potential of domestic market integration and regional connectivity.

2. The NTC is also complemented by east-west laterals to capture the remaining trade routes and link these with the NTC for realizing the full potential for growth of the country. The initiative of NTC development was taken by the Planning Commission in 2005 to improve the entire logistics chain through a priority NTC Improvement Program (NTCIP), which includes both physical investments as well as other complementary supportive measures, to develop the new arc of activity from Gwadar to upcountry and beyond into China and Central Asian Republics (CARS), to meet our own needs as well as those of our neighbors.

3. The current paper looks at NTC in a broader context of greater regional cooperation, and aligning our infrastructure and logistics chain within this regional perspective. The earlier NTCIP, which excluded the energy sector, has remained dormant for the past several years because, inter alia, of resource constraints as well as reassessment of priorities following a change in government. With the new Government in place, time is, therefore, opportune for this initiative to be revitalized in the broader perspective through a holistic and integrated approach. This paper reviews the regional rationale that makes the development of the NTC of the essence for the long-term development of Pakistan and puts forward key recommendations for realizing the full potential of the Corridor for fostering not only national socio-economic progress of the Country but also promoting regional cooperation and integration. This can be done because NTC’s concept takes due cognizance of Pakistan’s resource constraints and growth strategies, and fully accommodates and absorbs the perspectives of the various international parties and participating countries to create win-win scenarios for all, purely on technical, logical, and economic considerations.

4. In the context of the geopolitical situation around Pakistan and, the competing demands and perspectives of some partners, it is also argued that the proposed cooperative approach, through cost-effective accelerated economic development, including job creation, particularly, in the areas where extremists are operating, will additionally have a peace dividend in the form of reduced security risks for the region. It is also emphasized that, as centers of growth, the cities of Pakistan will have to be more efficient for the logistics chain; this will require management of the ongoing processes of urbanization comprehensively to minimize the adverse effects normally associated with uncontrolled urban development and make cities efficient and engines of economic growth.

2. The National Trade Corridor (NTC)

2.1. Backdrop

5. In this increasingly interconnected world, the permeability of a state’s borders must be managed to ensure maximum growth oppor-
tunities. Pakistan needs to develop its framework for development in the context of changing international relations and the eastward shift in global economic power; it is also widely observed that in the 21st century, the world economic growth will be led by the Asia-Pacific region. This will naturally put a premium on creating uniquely Asian solutions to deal with the challenges of poverty, conflict, and economic deprivation. Peaceful co-existence made possible by and underpinned by long-term visionary strategic leadership will spell the difference between progress and retrogression in the days ahead. Therefore, in the above context, while meeting our security requirements, we must enhance our emphasis on national economic development, with a focus on trade and regional cooperation, to reap the benefits of this global economic shift. In this context, it is also important to mention that the peaceful development of China and its enhanced role in global and regional affairs is providing, and will continue to provide, for a considerable period of time, a strong fillip to the opportunities for the development of all-round regional connectivity.

6. If utilized properly, this extended window of opportunity for enhancing regional cooperation and trade will allow Pakistan to surmount many of its developmental challenges. This calls for an urgent upgradation of the Country’s energy, trade, and transport networks, and industrial hubs to ride the crest of the developmental swing that the region will experience as a result of the peaceful rise of China and the concomitant development strategies of other regional players. NTC is conceived as a vehicle for reaping the benefits of these trends. In addition, it will also help mitigate rising costs to the national economy and improve intra-provincial, inter-provincial, regional, and inter-regional mobility of goods, services and talent.

7. Peace and security and economic cooperation mutually reinforce each other for regional prosperity. In this context, NTC will: strengthen Pakistan’s geostrategic security and partnerships in the region and beyond; allow the country to enhance its competitiveness; adapt itself to the changing world; and become an active partner in the process of globalization to promote peace and development and create just societies across the globe. With this in mind, growth with equity would be the guiding principle for our constructive engagement with all the regional and global players in a win-win scenario of broad-based economic cooperation. The NTC would thus become the catalyst for building strong economic partnerships across Asia-Pacific, Greater Central Asia (GCA)\(^1\), Middle East and Europe. Supplementing these benefits, NTC is also a holistic approach to ensure sustainable national self-reliance while enhancing our integration with the region. The approach would be creating inclusive complementarities through collaborative strategies, programs, and projects (See Map 1 at the end).

8. It must also be recognized that there are some serious impediments to reaping the full benefit of regional cooperation due to the conflict-ridden tense geopolitical environment in the region. In the recent past, this has significantly hampered the opportunities for regional trade and connectivity that arose with the independence of the Central Asian Republics. The continuing conflicts in the region and the diversity of interests of major powers have also contributed to the above situation. The biggest challenge of the region, and in fact of the whole of mankind, may be to create peaceful growth opportunities that can help transform the regressive and outdated mentality that sees the compensation for plummeting economies and trade in conflict-based wealth-creation. The central thesis of this paper is that peace and development are pos-
sible with a win-win situation for all for which a core program must be agreed upon.

9. Through the integrated development of energy, trade, and industrial hubs, complemented by the provision of world class infrastructure, rapid communications lines and uninterrupted broadband backbones, efficient logistics chains, smooth interface between the public and private sectors, and better rural-urban connectivity, Pakistan could contribute to the regional competitiveness. The enhancement of existing trade networks including roads, railways and energy pipelines between Pakistan and its neighbors would increase trade efficiency and reduce cost.

10. Economic growth of Pakistan and that of the region will be determined by the degree and speed of connectivity which in turn means there is a need to connect cities of Pakistan to regional and international markets through the development of multi-modal energy, trade, transport, industrial infrastructure, telecommunications, and logistic services for expanding and facilitating movement of goods, services and people. In line with the integrated approach of NTC, improvements in transport infrastructure will be multimodal in nature, integrating road, rail, sea, and air transport systems. The integration of road and rail networks will also cover the laying out of national optical fibre grid to enhance real as well as virtual connectivity. Exploiting the region’s comparative advantage in high-value services and high-tech industry requires providing advanced communications and just-in-time delivery for integrated production chain to spread across a number of countries in developing Asia.

11. Physical and social infrastructures smartly laid out across the country will form the bedrock for successful urbanization, which is fundamental for the envisaged knowledge economy of the future. If urbanization-related policies are well designed and implemented in an integrated manner, the cities of Pakistan could play a vital role in promoting national competitiveness as is already happening in many metropolises of Asia-Pacific.

2.2. National Trade Corridor Improvement Program (NTCIP)

2.2.1. Original vision, structure, plan and outcomes

12. National Trade Corridor Improvement Program (NTCIP) was established by the Planning Commission of Pakistan in 2006 to help achieve economic growth at the targeted annual rate of 7 to 8 percent. It involved: creating a strategic plan for tackling logistics and business development by bringing the quality of trade and transport logistics chain and services to international standards; upgrading existing transport infrastructure and the creation of new assets for national development; creating greater synergy between rural, provincial and federally supported transport infrastructure for reducing cost and increasing affordability; developing a broad range of support services that included, among others, shipping, freight management, trucking, insurance, and banking; facilitating substantive qualitative changes to the national industrial productive and services bases through an enhanced economic mix for promoting value addition, job creation, socio-economic mobility and ultimately, poverty reduction. With the involvement of international development partners, the NTCIP, as an inter-ministerial program, was being implemented through the National Trade Corridor Management Unit (NTCMU) in the Planning Commission and Trade and Transport Facilitation Unit (TTFU) in the Ministry of Commerce.

13. The key success factors of NTCIP were identified as consultation and consensus building process with the public and private sector stakeholders, focusing on: quick results through policy interventions; systematic and procedural improvements and cutting administrative red-tape involving small investments; and longer term, higher cost investments (with pragmatic investment assessment from the private sector) and deep rooted institutional reforms to ensure sustainability.
14. In view of the fact that the trade, transport and logistics system has performed poorly in Pakistan and costs the country about 3 percent of the GDP, the strategic framework for NTCIP aimed at modernizing and streamlining trade and transport logistics, practices and customs and improving port efficiency, reduction of costs for port users and enhancing port management, providing timely rail and road connectivity between ports as well as upcountry, increasing rail’s and freight share and increasing efficiencies, modernizing trucking fleet and increasing fuel efficiency and modernizing aviation and air transport fleet. In short, NTCIP aimed to enhance Pakistan’s competitiveness though focusing trade facilitation and modernizations in ports and shipping, railways, trucking, aviation and highways. Also envisaged was creation of a cold chain supply system for enhancing the export of perishable commodities like fruits and juices, vegetable, and dairy products. A priority consideration in the development of an energy corridor was linking Pakistan’s Gwadar port to Western China, Afghanistan and energy-rich CARs.

15. The implementation mechanism for NTCIP entailed the formation of nine sub-committees on: ports improvement and modernizations; trade facilitation; highway sectors modernization; trucking sector modernization; railways sector modernization; air transport sector; energy logistics; cold chain; and public private partnerships. A core group comprising Planning Commission, World Bank, Asian Development Bank and Japan International Cooperation Agency was also formed. These development partners endorsed the NTC initiative and agreed to provide financing for the resulting projects.

16. The Government of Pakistan set up a National Trade Corridor Task Force (NTC Task Force) which was headed by Deputy Chairman, Planning Commission and Federal Secretaries of the Ministries of Communications, Railways, Ports and Shipping, Defense, Petroleum, and Industries and Chairman, Federal Board of Revenue as its members.

17. NTCIP has witnessed mixed development since its inception. The program, now dormant, was only partially implemented in a holistic and integrated manner. The critical north-south energy corridor, promotion of public-private partnership model, and the strategic integration of different sectors of NTCIP, all geared towards promoting the development of domestic market and regional integration simultaneously, remained unrealized. The slowdown in unifying different elements of NTCIP started in 2008 and led progressively to its discontinuation in the following years. Notable internal and external factors for the above were the constrained fiscal and investment environment in Pakistan, and low political ownership of the program by the previous regime in the country which impacted on the support from international development partners.

18. The redeeming features of the NTCIP have been the significant steps that have been undertaken to streamline the programs, systems, and procedures in the ports and shipping sector, customs and trade facilitation, highways, railways, trucking, aviation and air transport, which can become the bedrock of renewed concerted efforts to reinvigorate NTCIP and broaden its scope.

3. The Importance of NTC for Regional Cooperation

19. The NTC has multi-faceted benefits for regional cooperating countries. First, in the last three decades, China has experienced consistent high economic growth rates, with an average of about ten percent per annum, which is unprecedented. This growth has been export-led and has been complemented by huge investments in physical and social infrastructure. While becoming a big global power, the underpinning philosophy of China has been to enhance its trade in an environment of peace and stability in the world, which
is a prerequisite in this interdependent world. Regional integration and cooperation will allow China to diversify its industrial complex and meet the variegated demands through utilizing the positive features of globalization that create opportunities for growth, particularly for the neighboring countries, based on comparative advantage. Hence, NTC will not only increase the benefits for the Chinese economy based on comparative advantage but also create closer economic integration and goodwill with its neighbors.

20. Second, Central Asia is a key to regional cooperation in the field of energy. The surplus energy sources in Central Asia, including hydro power and gas, can be exported to regional countries with large energy import requirements such as China, India, and Pakistan. The transit countries will also benefit in the process. The jobs that such trade would create would enhance peace and security in the region. The trade corridor connecting Central Asia, Pakistan, and Western China would particularly benefit all participants and also provide an alternative to the long sea routes currently being used. A point to be noted is that China is consciously pursuing a policy to accelerate the growth rate of Western China to remove internal income disparities and reduce poverty. The development of energy, trade, and transport (both road- and rail-based) routes across Central Asia will have a positive effect on the development of China’s north-western territories, especially Xinjiang.

21. Third, the multifaceted development of Gwadar (as an oil city, port, industrial, and commercial hub) which forms a critical node for regional cooperation, particularly for Central Asia and China, must be sped up. A positive step has already been taken recently in this context by handing over the management of the Gwadar Port to China’s Overseas Port Holding Company. This will facilitate the envisaged key role of Gwadar in ensuring regional cooperation, particularly with Western China, and also with Afghanistan and Central Asia. Energy and transport networks will become the primary parameters of regional cooperation (See Maps 2 and 3 at the end). The NTC concept also incorporates the integrated development of the entire coastal belt of Pakistan to link the investments in the area with the regional and global supply chain. The NTC is also intended to cover the development of ports and airports in the country, incorporating infrastructure improvements as well as the systems and procedures to enhance their operational efficiency to bring them at par with international standards.

22. Fourth, with its expanding energy needs, Pakistan needs multiple gas pipelines from neighboring countries to meet the growing demand. First, the Turkmenistan-Afghanistan-Pakistan Pipeline (TAP or TAPI, if India joins too) is a proposed transnational natural gas pipeline project to export gas. The pipeline will transport Caspian Sea natural gas from Turkmenistan through Afghanistan into Pakistan and then to India (See Map 4 at the end). It allows Turkmenistan to diversify its natural gas exports, reduce Afghanistan’s dependence on foreign aid while helping overcome Pakistan’s serious energy crises. It would also help India to sustain its economic growth. Currently, 2015 is the deadline set for this pipeline to start pumping gas. It is heartening that Russia has also shown increased interest in this project, which can be implemented as a part of NTC initiative. The importance of CARS in the context of energy relates closely to infrastructure; whether pipelines, roads, or railroads, this development of their multimodal infrastructure should give the land-locked Central Asian Republics more room to interact with surrounding nations, in turn allowing them to transcend their geopolitical isolation. The increase in share of the Eastern European countries in the Eurasian commodity turnover will lead to growth in volumes of containerized freight gravitating toward the Trans-Siberian Mainline. Second, the Iran-Pakistan (IP) gas pipeline will complement the first project to meet the energy shortfall in a cost-effective manner over a shorter period of time, while also strengthening the focus on peace and regional cooperation. China’s offer of financial assistance to construct this pipeline is encouraging and will yield important peace dividends required for regional integration (See Map 5 at
23. Fifth, the landlocked Central Asian Republics and their neighbors are becoming critical in heralding a time of increased prosperity and peace in Eurasia. Pakistan, India, Iran, China, Azerbaijan, Russia, as well as Central Asia, have similar gains to make by getting more involved in continental trade. Greater Central Asia can be used as a transit region for overland transport from China to Europe, and from Russia to India. The South and East Asian economies can benefit largely from bilateral trade, as significant complementarities exist between the two regions. It has become evident that aggregate intra-Eurasian trade is of more significance for these regional economies than trading with the rest of the globe. New long-distance electric lines will soon enable Tajikistan and the Kyrgyz Republic, potentially among the largest world’s producers of hydroelectric energy to gain access to eager markets in Pakistan. The reopening of ancient east-west trade corridors across Pakistan and the expansion of new ones coming south from China will break the isolation that has been Pakistan’s fate since its founding and return the Indus valley to its former ancient status as a dynamic crosscutting trade route in Eurasia. The NTC perspective includes a role for such larger cooperation.

24. Sixth, the integration of NTC with regional corridors will lead to enhancement in efficiency in the movement of goods, services, products, information in the region. These land-based regional corridors will also be complemented with enhanced regional air connectivity. With the development of NTC, major growth centers in Pakistan will have increased air connectivity with key regional trade hubs, thus promoting national and regional trade diversification and multi-sectoral value addition. NTC will also improve people-to-people contact in the region, especially between the peoples of China and Pakistan. Cross-border education and employment opportunities will grow as this intra-regional integration morphs into inter-regional integration with the growth in NTC’s road and rail links with TRACECA (Transport Corridor Europe-Caucasus-Asia) (see Map 6 at the end). It is encouraging to note that considerable work to increase China-Pakistan rail-road connectivity has already been done in the Planning Commission of Pakistan between 2005 and 2008 through two complementary pre-feasibility studies for the proposed Havelian-Kashgar railway line. These studies and others will form a useful basis for the recently proposed Gwadar-Kashgar railway project which is under consideration. It must be recognized that these proposals are strategic in nature and the time-frame for their implementation will be determined by economic feasibility and cost-effectiveness in relation to other options. The strategic plan for NTC, including cooperation with China, will be periodically reviewed and updated in the context of changing global and economic environment to ensure that it remains relevant and the resulting prioritized program is implemented based on consensus. It is also recognized that considerable detailed pre-feasibility and feasibility work would need to be undertaken to give concrete dimensions to the priority program, complemented with a rigorous implementation and monitoring framework. This is planned to be discussed and agreed upon through a series of periodic consultations, as required.

25. Seventh, to benefit from existing opportunities, these regional economies must address continental trade impediments which include sub-standard infrastructure, protectionism and time consuming border crossings. In order to harness the power of burgeoning trade routes and other existing potentials in Eurasia, there needs to be an emphasis placed on strengthening cooperative measures and restoring infrastructure while reducing current inefficiencies, among others, in border crossings. While carrying out this work, the considerable earlier work undertaken through NTCIP and other international forums would be fully taken into account and built upon.

26. Eighth, NTC recognizes that the Caspian Sea will soon be more important than ever and it is necessary that trade routes through Afghanistan as well as through the Caucasus must be explored. There are some estimates
that the Caucasus region may hold trillions of dollars worth in hydro-carbons. With this potential, it is planned that the NTC would establish a solid link with the concerned countries to exploit this potential for cooperation.

27. Ninth, there is need for a major shift in the energy mix of Pakistan to meet its long-term requirements under a high economic growth scenario (See Figure 1 at the end). Shifts in energy mixes are already being made by various countries around the world (See Figure 2 at the end). This will call for major exploitation of hydro power resources (both within the country and in the Central Asian Republics), exploitation of indigenous coal reserves, particularly at Thar, and renewable energy resources. Among other things, it would require major capacity development of the institutions concerned and collaboration with other partners based on latest available technologies. The NTC could provide the vehicle for technical, institutional, and financial collaboration to solve Pakistan’s energy challenges as well as enhance the economic growth potential of cooperating countries.

28. Tenth, regional extremism and short-sighted handling of the problem of terrorism has inhibited the establishment of peace in the region and diminished the chances of equitable progress. Pakistan is resolved to not to allow its territory to be used for militant destabilization of other countries. This strategy is complemented by its support for an organic Afghan-led peace and reconciliation process. Afghanistan being a transit country for trade, home-grown peace and reconciliation in Afghanistan would provide a sound basis for enhancing regional trade and development. It is in this context that NTC is perceived as an important vehicle to help build peace and just societies in the region.

29. Finally, the NTC recognizes that Pakistan must maximize its geostrategic advantage through detailed analytical work, including a study on the demand and supply situation in the region in relation to the identified sectors and how this could be exploited to enhance trade and lead to collective higher level of economic activities the region.

3.1. Recent Interaction between Chinese and Pakistani Think Tanks and Its Impact on Regional Cooperation

30. The China Development Research Foundation, a body directly linked to China’s State Council, hosted an unofficially initiated round table in Beijing in September 2012, on ‘Accelerating China-Pakistan Economic Partnership’. Leading private-sector groups in Pakistan met with the most prominent Chinese state and private sector companies. Promising prospects for investment were noted at the roundtable. It was determined that Pakistan’s cash-starved economy has a huge unexploited domestic and export potential. Furthermore, it was pointed out that Pakistan has the most ‘investment-friendly’ regulatory environment in the region (fully convertible currency, possibility of full foreign ownership, no double taxation on foreign investment, etc.) Pipelines, rail and road networks were referred to there. It was noted that the feasibility of these projects had already been confirmed and that with adequate investment and solid governance, they could be realized over a period of time. It was agreed that both countries had a strong interest in Pakistan’s stability and that this economic partnership with Western China would prove to be synergistic for both countries. The China-Pakistan Economic Partnership roundtable agreed on Pakistan’s need to exploit its large coal reserves and mineral deposits. Premier Li Keqiang’s recent visit in May 2013 to Pakistan also underscored the importance of China-Pakistan Economic Corridor which aligns neatly with NTC.

4. Conclusions and Recommendations

31. Based on the above initial analytical considerations, the following conclusions and recommendations are outlined; it is planned that as the analytical work would proceed fur-
ther and inputs are received from the China side of the China-Pakistan Joint Think Tank, the consensus conclusions and recommendations would emerge, with a priority implementation program:

i) It is vital that an overarching strategic master plan be developed for NTC, including energy, trade, transport, telecommunications, and industrial sectors outlining the long-term vision, medium- and short-term investment strategies and action plans, and other supporting measures to streamline cooperation across the region. The plan should also include proposals to enhance logistics efficiency within Pakistan, including synergy among local, provincial, and national infrastructure provision, and their linkages for regional cooperation. Additionally, it should also include proposals for enhancing the efficiencies of metropolitan areas of the country as an important component of competitiveness.

ii) The investment projects, already identified under NTCIP during 2006-07, which at that time were of the order of about USD 10 billion, must be updated and reprioritized in the context of the current economic situation and related developments in the region. Pre-feasibility and feasibility studies for the priority investments should be carried out and international support from development partners as well as the private sector should be actively sought.

iii) Political ownership of the program should be enhanced through a comprehensive consultative process so that it is recognized at the highest levels of decision-making in the Government that NTC, as an integrated and holistic program, must be accorded the highest priority in the development plans and programs of the Government as well as in budget allocation. The political consensus and ownership would also ensure that the program remains on track despite changes of political leadership governing the country. The change of political leadership in the country and its high priority on regional cooperation augurs well for the above-envisioned proposals. The ownership of NTC at the highest levels could be enhanced through a strong professionally staffed implementation unit reporting directly to the Prime Minister and the provincial Chief Ministers for important policy decisions and their periodic review of the status of the implementation of NTC. It could also be used as a vehicle for an input to the important foreign visits of top political to the participating countries to enhance trade. The implementation unit is envisaged to have a set of key performance indicators which would enable better performance management based on clear criteria and rigorous evaluations.

iv) In the above context, it may also be useful to commission a study (incorporating national and regional perspectives) involving the key stakeholders (Government, private sector, and international and regional organizations) in order to create the above-mentioned consensus-based master plan for NTC that promotes win-win regional cooperation in key sectors highlighted in this working paper.

v) With the constitutional amendments and the increased share of resources for the provinces out of the central divisible pool, the provinces are now in a good position to take greater responsibility in the development process. It is therefore imperative that the involvement and ownership of the provinces in the development of NTC, particularly for building the laterals to the main north-south axis and other provincial programs, should be enhanced through a consultative process. This could be complemented by appropriate incentives provided by the federal government where the concerned province needs to make investments to enhance the objectives and prioritized investment program under NTC under the federal responsibility. For example, in the transport network, synergy can be created by a carefully designed national program linking farm to market roads with provincial roads and thereafter to the motorways/highways under the federal responsibility.

vi) The governance framework for NTC needs to be strengthened, with broader participation, including academia, and think tanks, such as that established by NUST in collabo-
ration with Tsinghua University, Beijing, and Southwest University of Political Science and Law, Chongqing, China. It should be underscored that while the current paper on NTC is prepared by the China-Pakistan Joint Think Tank, the success of the implementation approach proposed in the paper rests with the government. Therefore, there is a need to bring on board relevant senior government officials in the China-Pakistan Joint Think Tank for mutual consultations.

vii) In the last two decades, the Asian Development Bank (ADB) has pursued regional cooperation as a priority agenda. One of the most important initiatives in this context has been the establishment of Central Asian Regional Economic Cooperation (CAREC), which brings together all the Central Asian Republics under one umbrella for joint strategic planning and coordination of policies, programs, and investment proposals for enhancing regional cooperation in CAREC. A series of meetings, including those at the ministerial level, have helped identify a comprehensive program to be carried out under the CAREC initiative. Over time, Pakistan has become associated with CAREC and has been invited to its various meetings. A presentation was also made by Pakistan to CAREC on the NTC, which was very well-received, and many of the participating countries are now also in the process of preparing similar plans. Among other things, in the transport sector CAREC has identified six major road links to benefit the entire regions including Pakistan. Two of these roads link Pakistan with CAREC countries (See Map 7 at the end). Similarly, there are proposals to enhance energy cooperation amongst the countries, including export of energy to Pakistan. This includes the Turkmenistan-Afghanistan-Pakistan gas pipeline as well as export of hydro-based electricity generation from Tajikistan to Pakistan and eventually to India. Under the NTC, it is planned to strengthen the strategic links with CAREC and include common agreed projects under the prioritized NTC program.

viii) Proposals for diversification of sources of funding for NTC should be explored including multilateral and bilateral assistance, other regional cooperation initiatives such as the program under CAREC and the private sector (including public-private partnerships). For making the public-private partnerships an important pivot of NTC’s priority program, there is a need to review the governance structure for the NTC. This could involve consultations by the Federal Government with the provinces and the private sector to build a successful national model for public-private partnerships which can be used as a vehicle for accelerating the implementation of prioritized investment program under NTC.

ix) Concrete proposals for joint commercial projects should be studied and explored in the context of the strategic master plan for NTC.

x) Establishing a highway link through Xingjiang in China to Central Asia bypassing the conflict-ridden zones should be considered.

xi) A railway line along Karakorum Highway, with energy pipelines alongside, could connect Pakistan directly with Western China. While, this is a strategic project and may become feasible only over a period of time, some more preparatory work could be undertaken, including updating the earlier prefability, mentioned above, for senior-level discussions on how this work could be carried forward within realistic economic parameters.

xii) In the past, Saudi Arabia had shown keen interest in using Pakistan as an energy corridor for transporting its refined oil to China. This proposal could be actively pursued on the basis of analytical work.

xiii) There is a welcome groundswell of mutual goodwill in the newly installed leaderships of China and Pakistan. During the recent visit of Pakistan’s Prime Minister to China, serious commitments have been made at the highest levels to increase economic cooperation between the two countries. The current paper can serve as a vehicle for translating the vision of the leaderships of Pakistan and China...
into a more concrete and prioritized investment, incorporating short-term, medium-term, and long-term goals as well as the related action plans and monitoring indicators.

xiv) The draft working paper provides the analytical underpinnings for a broad-based regional collaboration approach. Once the agreement on the holistic approach put forward in the Working Paper between the China side and Pakistan side during the annual joint session of the China-Pakistan Joint Think Tank is reached, and a joint working paper is produced, it shall then become the basis for undertaking specific studies and projects related to energy, trade, transport, telecommunications, and industrial development in the context of China-Pakistan cooperation and regional integration. The agreements reached between the top leaderships of Pakistan and China during the recent visit of the Prime Minister of Pakistan to China would be fully incorporated in the proposed consensus paper to be prepared by the China-Pakistan Joint Think Tank. In the context of a large number of MoUs, which have been signed between Pakistan and China but have remained unimplemented, it is envisaged that the cooperation between Pakistan and China in furthering the objectives of NTC would focus on investment programs, and results achieved rather than premature publicity.
Map 1: Diverse Opportunities for Multidimensional Regional Cooperation

Map 2: NTC: The Multimodal National Energy, Trade, Transport, and Industrial Corridor

Source: The Presentation of Dr. Akram Sheikh, (Former Deputy Chairman, Planning Commission of Pakistan), Co-Chair, China-Pakistan Joint Think Tank, titled, “Sino-Pak Economic, Trade, Science and Technology Cooperation” at Tsinghua University, Beijing, China, dated, 24 October, 2011.
Map 3: Gwadar’s Connectivity with China and Central Asia

Source: The Presentation of Dr. Akram Sheikh (Former Deputy Chairman, Planning Commission of Pakistan), Co-Chair, China-Pakistan Joint Think Tank, titled, “The Strategic Importance of Gwadar” at the National School of Public Policy, dated, 8 December, 2009.
Map 4: The Proposed Turkmenistan-Afghanistan-Pakistan-India Gas Pipeline

Source: Based on: http://www.ekalavvya.com/gail-enters-tapi-pipeline/
Map 5: The TAPI and IP Gas Pipelines

Source: Based on: http://newsblaze.com/story/20110202180131jaff.nb/top-story.html
Map 6: TRACECA’s Eurasian Land Bridges

Source: The Presentation of Dr. Akram Sheikh (Former Deputy Chairman, Planning Commission of Pakistan), Co-Chair, China-Pakistan Joint Think Tank, titled “The Strategic Importance of Gwadar” at the National School of Public Policy, dated 8 December, 2009.
Figure 1: 2030 Revised Plan for National Energy Mix


Figure 2: Primary Energy Mix of a Few Countries (in percentages)

Bibliography


Lodhi, M. (2008), Pakistan: Beyond the Crises State, Oxford University Press.


Samli, A. C. (2011), Infrastructuring: The Key to Achieving Economic Growth and Prosperity, and Quality of Life, New York: Springer/


United Nations Conference on Trade and Development (UNCTAD) (2009), Investment Guide
asia20096_en.pd.


World Bank, (21 June 2010), “Central Asia Expanding Trade by Connecting with Markets
Kazakhstan, Kyrgyz Republic, Tajikistan”, Report No. 53556-ECA, Poverty Reduction and
Economic Management Unit Europe and Central Asia Region. Available from: http://sitere-

Transport Unit, Sustainable Development Department Europe and Central Asia Region.
transport-corridors-central-south-asia.
