



House of the Federation

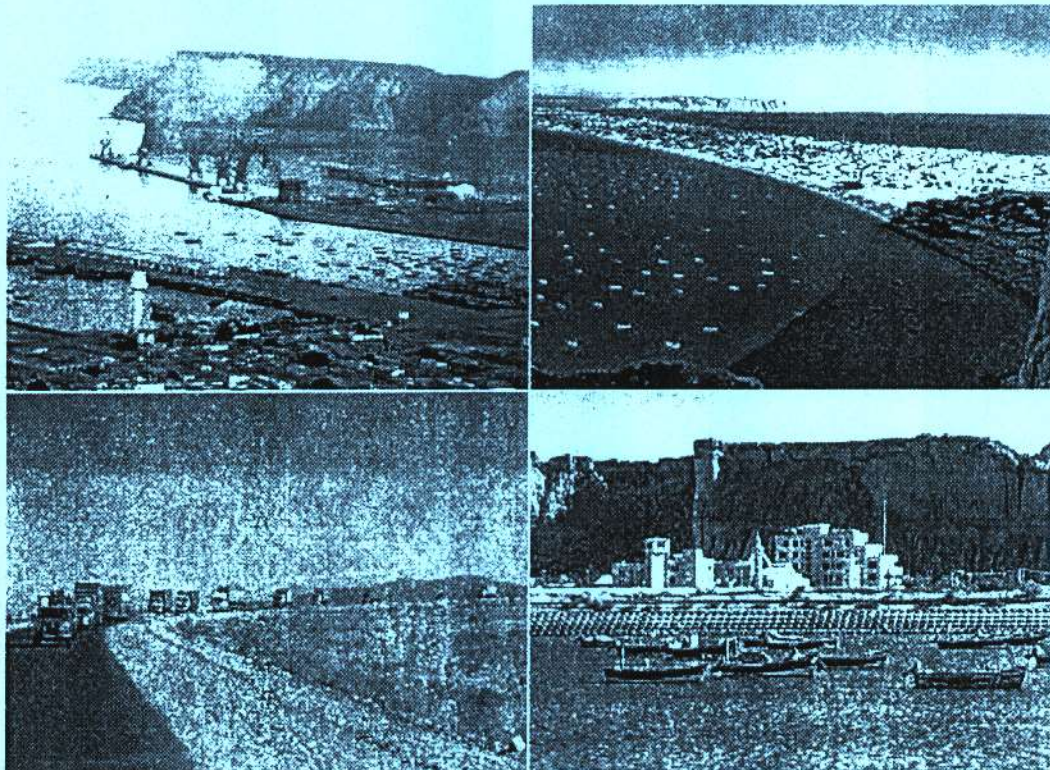
SENATE OF PAKISTAN

FOURTH INTERIM REPORT

SPECIAL COMMITTEE OF THE SENATE ON CHINA PAKISTAN ECONOMIC CORRIDOR

02nd May, 2017 - 04th May, 2017

GWADAR: THE OTHER END



Presented by
SENATOR TAJ HAIDER
*Convener of the Special Committee
on CPEC*

PREFACE

It gives me a great pleasure to present the report of the Special Committee of Senate of Pakistan on China Pakistan Economic Corridor (CPEC). Since its constitution in May 2017, the Committee had meetings and deliberated upon various matters of public importance relating to CPEC.

2. I am grateful to members of Committee for extending valuable support through active participation in the meetings and contributing their thoughtful insight. The honourable members highlighted various issues and recommendations for the maximum benefit of people of Pakistan.

3. I highly appreciate the cooperation extended by the Senate Secretariat, Mr. Khalid Kamal Veryamani, Director General/Secretary Committee, my personal Director Staff Muhammad Yaqoob, my Assistant Private Secretary Hazoor Bux Khoso. I particularly recall and commend services rendered by late Masror Huasen former Secretary Committee. The professional dedication and hard work that all of them put in to keep the working of the Committee smooth, is highly appreciated.

4. It would be worthwhile to mention that the Committee touched major issues under the umbrella of CPEC and recommendations made by the Committee aimed at suggesting ways and means to ensure unhindered progress of the projects. The Committee desires that concerned departments implement the recommendations highlighted in the reports for the best interest of the public. I hope the circulation of reports would prove beneficial for the better understanding of working of the Committee.


(SENATOR TAJ HAIDER)
CONVENOR



(اقبال)

بڈھے بلوچ کی نصیحت بیٹے کو

تھویر بے سیاہاں کی ہوا تجھ کو لوارا
اس دشت سے بہت ہے نہ دلی نہ بخارا
جس سمت میں چاہے صفتِ سیل و اس پل
وادی یہ ہماری ہے وہ سہرا بھی ہمارا

غیر تھے بڑھی چین جہان تک دو میں
پہناتی ہے درویش کو تاجِ سدا
حاصل کسی کامل سے یہ پوشیدہ نہ کر
کہتے ہیں کہ شیشے کو بنا سکتے ہیں خارا
منراد کے ہاتھوں میں ہے اقوام کی تقدیر
ہر نہر ہے ملت کے دم سے تدر کا ستارا

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Composition of the Committee

1. Senator Taj Haider	(Convener)
2. Senator Minister for Planning, Development & Reforms	(Ex-Officio Member)
3. Senator Osman Saifullah Khan	Member
4. Senator Nawabzada Saifullah Magsi	Member
5. Senator Mir Israrullah Khan Zehri	Member
6. Senator Saeedul Hassan Mandokhail	Member
7. Advocate Muhammad Daud Khan Achakzai	Member
8. Senator Kamil Ali Agha	Member
9. Senator Syed Muzafar Hussain Shah	Member
10. Senator Karim Ahmed Khawaja	Member
11. Senator HidayatUllah	Member
12. Senator Muhammad TalhaMehmood	Member
13. Senator Ilyas Ahmad Bilour	Member
14. Senator Farhatullah Babar	Member
15. Senator Mian Muhammad Ateeq Shaikh	Member
16. Senator Mir Kabeer Ahmed Muhammad Shahi	Member
17. Senator Dr. Jehanzeb Jamaldini	Member
18. Senator Muhammad Usman Khan Kakar	Member
19. Senator Nehal Hashmi	Member
20. Senator Ayesha Raza Farooq	Member
21. Senator Chaudhary Tanvir Khan	Member
22. Senator Sirajul Haq	Member
23. Senator Nauman Wazir Khattak	Member

Following members attended the meetings in Gwadar and Turbat:

1. Senator Taj Haider	Convener
2. Senator NawabzadaSaifullahMagsi	Member
3. Senator Karim Ahmed Khawaja	Member
4. Senator Muhammad Usman Khan Kakar	Member
5. Senator Dr Jehanzeb Jamaldini	Member
6. Senator Mir Kabeer Ahmed Muhammad Shahi	Member
7. Senator Nehal Hashmi	Member
8. Senator Nauman Wazir Khattak	Member
9. Senator Chaudhary Tanvir Khan	Member
10. Senator Farhatullah Babar	Mover
11. Senator Advocate Muhammad Daud Khan Achakzai	Mover

Agenda

2nd May, 2017 at 4:00pm in Conference Room GPA, Gwadar

1. Gwadar Port Authority: on the under-mentioned projects:
 - a) Construction of East Bay Expressway
 - b) Construction of breakwaters
 - c) Dredging of berth areas and channels
 - d) Pak-China Technical and Vocational Institute
 - e) Necessary facilities of fresh water treatment
2. Gwadar Development Authority
 - a) China-Pakistan Friendship Hospital (upgradation of the existing 50-bed hospital)
 - b) Infrastructure development for Free Zone & EPZs by EPZA and GIEDA

3rd May, 2017 at 9:00am in Conference Room GPA, Gwadar

3. Civil Aviation Authority
 - a) Construction of Gwadar International Airport
 - b) Physical inspection of Gwadar International Airport
4. Ministry of Railways
 - a) Construction of Railway Station and railway track at Gwadar airport
 - b) Site visit of Railway Station decided by the Committee

4th May, 2017 at 9:00am in Commissioner Conference Room, Turbat

5. Ministry of Communication / National Highway Authority
Detailed briefing by NHA regarding the short-term, medium-term and long-term CPEC Motorway projects at Gwadar Port as well as along the agreed route announced by Honorable Prime Ministry
6. Ministry of IT and Telecommunications
Briefing on the status of the laying of optical fibre cable and other connectivity at Gwadar Port

INTRODUCTION

At a distance of 2,473 kilometers from the CPEC Gateway of Khunjerab Pass is situated the other end of CPEC, the Port of Gwadar, which is destined to link CPEC with the rest of the World by Sea. Trade caravans of the future shall travel this route and this distance if the agreed Western CPEC route is followed. Other routes will be of longer distance.

2. Khunjerab pass, the Road along the Agreed Western Route and Gwadar Port are central to the CPEC concept. Around this central concept of CPEC grow hundreds of other scientific options for overall development that promise the elimination of deprivation of Provinces and Areas neglected since long. Progress knows no boundaries and the entire Country and the entire Region shall reap the fruits of having this basic infrastructure in place. With this perspective and this vision in sight the Special Committee of the Senate on CPEC visited Gwadar from the 2nd May to 4th May 2017. The Committee also decided to go to Turbat situated at a distance of 150 kilometers from Gwadar on the Agreed Western Route to be able to see the progress on the construction of the Motorway that is supposed to carry the CPEC cargo in both the directions.

3. The Committee received briefings from the Gwadar Port Authority (GPA), Pakistan Railways (PR), National Highway Authority (NHA), Gwadar Development Authority (GDA) and the Civil Aviation Department on various CPEC projects. The Committee also had the opportunity of inspecting some of the projects on their respective sites.

4. Unfortunately Ministry of IT, which had been invited by the Committee to give a briefing on the progress of laying Fiber Optic Cable, did not turn up.

THE PORT

Koh-e-Batel situated on the southern end of Gwadar city protects the Port from strong winds and violent waves of rough sea. This mountain has been serving as a "natural breakwater" for the Port for centuries. It has also blocked the incoming sand that normally settles at the bottom of ports reducing their depth and making them non-functional in the long run.

2. From the point of view of development of Gwadar Port to bring it up to the level of an operational port for CPEC cargo the following factors are important.

- A. Sufficient depth of the berthing area, shipping channel and turning basins to enable it to berth ships of heavy tonnage together with allied port facilities for speedy handling of the cargo.
- B. Increasing the total number of berths to be able to facilitate the loading and unloading of the many ships that would be visiting Gwadar port with CPEC related and other cargo.
- C. Its inland connectivity by Motorway and Railway with the agreed CPEC routes to smoothly carry the import and export cargo to and from their destinations.

3. Under the Concession Agreement with Chinese Overseas Port Holding Company Limited (COPHCL), the Port Operators, dredging of berthing area and channel and construction of additional berths is the responsibility of the Gwadar Port Authority (GPA). The provision of rail and road connectivity of the Port is the responsibility of the Government of Pakistan.

4. The Special Committee of the Senate was informed that the Port was dredged in 2004 to increase its depth from 12 meters to 14 meters. Since the Koh-e-Batel is the only natural breakwater for the Port and no additional breakwater has been constructed to protect the Port, we cannot be sure that silting has not taken place during this period and the Port still maintains its dredged depth of 14 meters.

5. However, even if it is assumed that no silting has taken place, the depth of 14 meters is not sufficient enough to bring in ships of heavy tonnage. The question of insufficient depth should also be seen in the background of the fact that the Tipu Sultan Channel and the deep sea Port at Karachi has a depth of 18 meters. Four berths of the Karachi Deep Sea Port are already operational. Six more berths at the Port are expected to become operational in a matter of months.

6. In a one-pager brief submitted to the Special Committee of the Senate by the GPA, the Committee was informed that initially a berthing area of 900 meters length is to be established and for the second stage a 4,500 meters long channel has to be dredged with two turning basins. The original cost of this project was estimated at Rs.2, 800 million. However, NO WORK HAD STARTED YET. An allocation of Rs.300 million was provided in FY 2016-17 that was neither released nor spent. The reason for not starting any work given by GPA was that COPHCL had not yet finalized the Port Expansion Plan under which the dredging work had to be undertaken.

7. The initial Plan includes the construction of a 1,700 meter long Breakwater to protect the terminals and to check silting of the Port. A Feasibility Study was to be done at a cost of Rs.300 million rupees for the construction of the Breakwater. However, no work even on the Feasibility Study has commenced as yet. The reason for the delay forwarded by GPA was that according to the decision of the 6th JCC, the

Feasibility Study had to be taken up jointly by the GPA and CPHCL. GPA informed this Special Committee of the Senate that a MOU for Joint Feasibility Study has since been signed and notices for the selection of a Consultant have been issued.

8. It is pertinent to point out that in spite of requests made to the Government by this Special Committee of the Senate, the Committee has been denied access to the Minutes and decisions of JCC meetings.

9. A 75 meter wide corridor on the Eastbay is to be provided for connecting the Port to the Makran Coastal Highway. Land for this corridor would partly be on the existing sea coast but the major part would be reclaimed from the sea by depositing the silt dredged from deepening the Port and the Channel. Thus it is quite obvious that construction of this Express Way can only be subsequent to the start of dredging for the Port and the Channel and if, as stated above that NO WORK HAD STARTED YET on dredging the Channel and the turning basins, it would be too early and futile to start talking of the construction of this most important Express Way which would connect the Port with the Makran Coastal Highway. The one pager on the project given to this Committee, while saying that the project will be completed in 30 months from the start of construction works also states that CONSTRUCTION WORK HAS NOT STARTED YET.

10. However, according to the one pager supplied to this Committee, the original cost of the project of Rs.14,061 million will be partly financed by the Federal Government, while it is hoped that EXIM Bank China will contribute Rs.13,542 million (almost 96 % of the total cost). A Chinese Management Company has been selected to supervise the bidding process. On a positive note, the Chinese Management Company has approved the bidding documents. Some six companies have also been nominated for participating in the bidding process. Implementation Minutes are being negotiated with EAD, GPA and Ministry of Ports and Shipping. Bidding will start after the negotiated Minutes are finally signed.

11. Be that as it may but this Committee feels that since the material for constructing this Expressway is coming from the Earth dredged for deepening of the shipping Channel, it is very important to start the dredging operations on priority. The two projects can run simultaneously but any delays in dredging will also delay the construction of the Expressway.

RECOMMENDATIONS

1. Dredging operations for deepening of the shipping channel may be launched on priority, as any delay in dredging will also delay the construction of the Expressway. The two projects may be launched simultaneously.

2. A dockyard and an engineering workshop should be included in the overall plan of the Gwadar port to cater to the requirement of ship repairs, which can not only fulfill a valid need of ocean going vessels but can be a source of substantial revenue earnings for the Port.
3. The elected Provincial Assembly of Balochistan should pass a resolution for naming the Port of Gwadar after a national hero who has rendered services to the people of Balochistan.
4. The proposed breakwater should be double purpose—it should protect the Jetty from rough sea as well as provide the fish species a favorable breeding ground. The Committee recommends that the design may be looked into and required changes be made in consultation with the local fishermen

THE RAIL LINK

The 75 meter wide Eastern Expressway would consist of 45 meter wide Road on its East side (along the sea), and a 30 meter wide corridor for a two way Railway track on its West side (along the City). This Committee expresses its appreciation for the interest Pakistan Railways is taking in the entire project.

2. Pakistan Railways require a total of 140 acres of land for constructing the 19 kilometer long and 30 meter wide Railway track. They have divided this route into four parts on the basis of acquisition of the required land. Part 1 (length 1 Km) starts from Zero Point (existing berths) and ends at the beginning of the area to be reclaimed from the Sea; Part 2 (length 4.30 Km) will consist of land to be reclaimed from the Sea; Part 3 (length 3.80 Km) is the old Coast Guard area and Navy Area which is now owned by the Gwadar Port Authority (GPA), while beyond this point right up to the junction with Makran Coastal Highway makes up the Part 4 (length 10 Km).

3. Besides the 30-meter wide strip needed for housing the Railway track the proposed Container Yard will require an area of 285 acres. The land for this purpose is valued at Rs.923.24 million. Another 183 acres adjacent to the Container Yard to build the road facing the Railway Station and for providing direct access to the Coastal Highway would cost Rs.2,104.5 million according to the rate specified by Deputy Commissioner Gwadar.

4. Two strips of 7 acres and 10 acres (total 17 acres) to connect the Container Yard with the Coastal Highway have been identified. The cost of this land comes to 135.7 million rupees.

5. Five acres of land are required for the construction of Railway Rest House. The cost of this land comes to Rs.130 million.

6. This Committee is happy to note that Pakistan Railways is acquiring 38.49 acres of Part 1 and Part 2 free of cost from GPA. On the end side of connection with Coastal Highway 73.68 acres of land of Part 4 has been acquired after complete payment of Rs.200.216 million.

7. Similarly, the land for the Container Yard (285 Acres) has been acquired by the Railways and full payment of Rs.923.24 million has been made. Likewise, Rs.130 million for the 5 acres for the Railway Rest House have also been paid by the Railways.

8. Pakistan Railways have yet to acquire and pay Rs.2,017.159 million for the 3.8 km long and 30 meters wide strip of Part 3. Railways have also paid Rs.100 million for the 2 connecting strips of a total 17 acres. The remaining balance yet to be paid is Rs.35.7 million. Similarly, it has yet to pay Rs.2, 104.500 million for the 183 acres of land adjacent to the Container Yard and facing the proposed Railway Station.

9. In the background of the interest taken by the Pakistan Railways and the payments that it has already made in spite of its financial crunch, the Committee strongly recommends that in order to expedite the work, a schedule of payments in easy installments should be worked out between Pakistan Railways and the Government of Balochistan. Since the land is owned by the Government of Balochistan, the Committee would not recommend any decrease in the rates fixed by it. However, the ease of payments in installments would definitely quicken the pace of work and would be mutually beneficial.

10. In our last Interim Report this Committee expressed its appreciation of the seriousness with which Pakistan Railways has undertaken its ambitious but highly important program of building a double track Railway link along the Agreed Western CPEC route. This Special Committee of the Senate is happy and satisfied to note that work on this project is moving at a fast pace.

11. A consortium consisting of two Pakistani and one French company is working on preparing the Feasibility Study of proposed Gwadar-Besima-Mastung (900 kms) and Besima-Khuzdar-Jacobabad links and in a little over one year has completed 80 percent of the field work in spite of security constraints. The Committee hopes that this Feasibility with bankable documents and detailed engineering drawings would be ready in the near future leading to a financial closure and subsequent start of this crucial Railway Link.

12. Estimates of expected yearly cargo given by GDA speak of 42-65 million tons in the short term (15 years) and as much as 345 million tons in the long run. However, a breakup of how much is expected to be transported by railway and how much by road or pipeline etc has not been shared by the GDA with Pakistan Railways. In the absence of such projections it is difficult to finalize feasibility studies with sufficient accuracy. This Committee recommends that such projections should not only be shared but also made jointly and directs GDA that the projected figures should be immediately shared with Pakistan Railways.

13. The Committee wishes to repeat its proposal given in an earlier Interim Report that the traction should be electric and cheap electricity should be supplied by high capacity solar energy plants enroute. Committee notes that the Government of India is purchasing 15,000 MW of solar electricity from private producers at the rate of Indian Rupees 2.40 per KWH (Pak Rupees 4.0 per KWH). There is no reason that the sun shining over our Balochistan should not produce electricity at similar or better rates. The Committee strongly recommends that immediately after completing the Feasibility study, the work on making a proper PC-I and obtaining of land from the governments of Baluchistan & Khyber Pakhtunkhwa should be started. While appreciating the work done by Pakistan Railways, the Committee looks forward to completion of a Railway track and start up of regular service between Peshawar - Kohat-Tank-Zhob- Quetta-Khuzdar and onwards to Gwadar.

RECOMMENDATIONS

1. In order to expedite the work and provide a financial ease to Pakistan Railways, a schedule of payment in easy installments should be worked out between Pakistan Railways and the Government of Balochistan.
2. Gwadar Development Authority should immediately share with Pakistan Railways a breakup of how much cargo is expected to be transported by railway and how much by road or pipeline etc. for the sake of accurate feasibility reports.
3. The Committee wishes to repeat its proposal given in an earlier Interim Report that the traction should be electric and cheap electricity should be supplied by high capacity solar energy plants enroute.

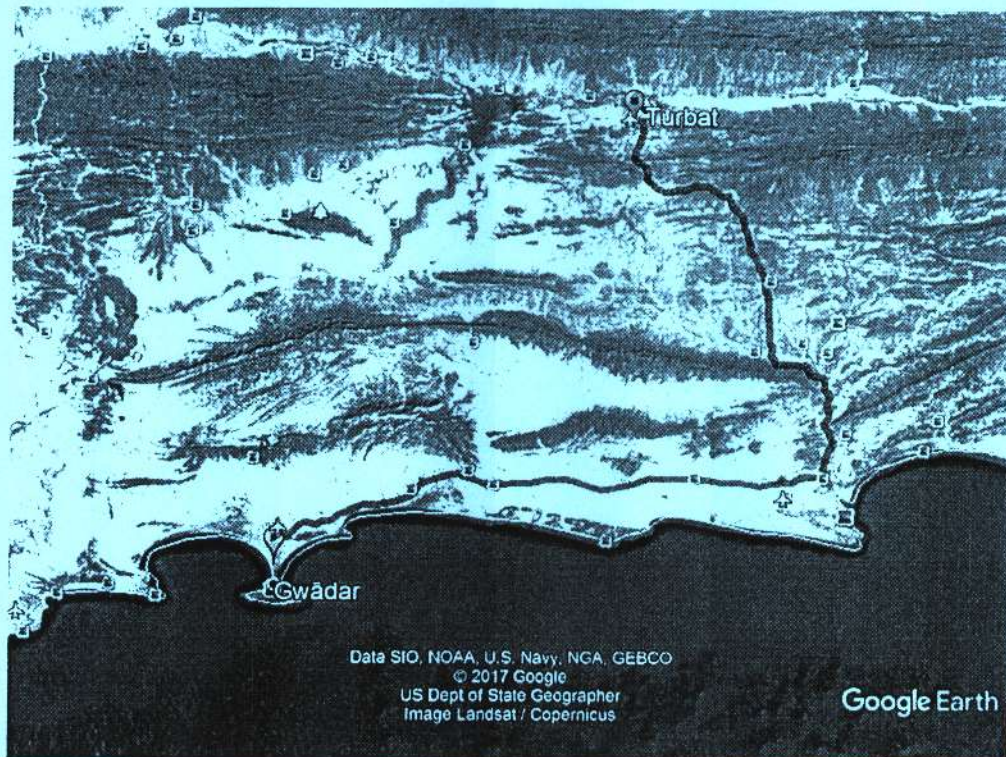
THE ROAD

Central to the CPEC concept is the ROAD. The determination of a route on which the road should be located had generated a lot of controversy. The Nation took a sigh of relief when a consensus was reached at an All Parties Conference (APC) held in Peshawar on 16th November, 2016 to construct a 4 lane Motorway on the Western

Agreed Route on priority. This Committee from its very inception has been insisting that the consensus arrived at in the APC should be respected and as mutually agreed, a 4-lane proper Motorway capable of taking the axle-load of 60 tons-plus weight vehicles on the Agreed Western Route should be constructed on priority.

2. In spite of so many announcements of the Government about the completion of quite a few sections of the Western Route Motorway, apprehensions were being expressed and complaints were continuously coming, in that, a proper Motorway on the Agreed Western Route was not being built and only the old roads and paths were being freshly carpeted.

3. This Committee decided to undertake the 150 km long journey to Turbat by road so that the facts could be physically ascertained. The journey to Turbat city was followed by a briefing from the National Highway Authority (NHA) at Turbat.



Coastal Highway between Turbat and Gwadar

4. The 7-meter-wide road between Gwadar and Turbat of course has been freshly carpeted and provides good connectivity for light vehicles plying between Gwadar and Turbat and we understand that also beyond upto Quetta. However, it is a far cry from a proper 4-lane motorway that can cater to the need of 2-way traffic of heavy vehicles. It is feared that if 60 ton vehicles start plying on this road then firstly, there not enough width and one vehicle will have to go off road while crossing

another from the opposite direction. This can be dangerous and vehicles can overturn. Secondly, the base of the road may not be strong enough to withstand the high axle-load and may rupture the surface creating pot-holes all along the road.

5. The Committee also notes that travelling on the Central Punjab portion of the Eastern Route where the Motorway is being built remains highly risky due to SMOG at the start of Autumn season for almost a month. The road has to be closed even for ordinary traffic because of very low visibility and this problem is increasing every year.

6. The briefing and the Working Paper given by NHA is very disappointing. It places the entire route from Yarik to Zhob - Quetta all the way to Quetta city in medium term Projects to be completed by 2023. It talks of mere dualization of N-50 and N-25 (Total length 637 km). It claims to have completed Sorab -Hoshab section (N 85 length 449 km) and Hoshab -Gwadar section (M-8 length 193 km) . The Committee travelled all the way to Turbat on M-8 and it is by no means a completed 4-lane Motorway. Is it that the Government wants to build merely a 7 meter wide ordinary road on the entire Agreed Western Route in Balochistan and Khyber Pakhtunkhwa (KPK) province and call it a proper 4 lane Motorway? The Committee expresses its disappointment that according to information, sections between D.I. Khan and Quetta do not have a 7 meter wide road.

7. This Committee expresses its serious concern that the understanding given to the nation in the APC has been blatantly violated and overlooked. It directs the Government to immediately start serious work on building a proper 4-lane Motorway on priority basis (to be widened to 6-lanes in the next phase) on all sections of the Agreed Western Route, especially the Gwadar-Hoshab-Basima-Quetta-Zhob-D.I. Khan Sections.

8. The Committee expresses its serious concern that when the initial paper work of selecting an alignment, preparing PC-I obtaining required land for the Motorway on the western route in Pakhtunkhwa and Baluchistan(D.I. Khan, Zhob, Quetta, Basima, Hoshab, Gwadar) has not started. The Committee is also of the opinion that it would be unwise to just broaden the 7-meter-wide existing road. We should learn from the tragic experience of merely widening the Hyderabad-Karachi section of the Super Highway where more than 100 people lost their lives during its construction period in road accidents. The virtual torture caused to the travellers in going over numerous diversions was unbearable.

9. It is also highly recommended that construction of link Motorways connecting Gwadar to Iranian border, Quetta - Chaman - Afghan border and Peshawar to Torkham-Muslimbagh to Badaini border should be simultaneously

taken up to improve connectivity with Iran and Afghanistan. It has also been brought to the notice of the Committee that while organizations like FWO, NLC as well as the Chinese construction companies have been exempted from payment of 7 ½ % Income Tax on contracts of road construction, income tax exemption that was given to contractors belonging to FATA for undertaking road construction in FATA has been withdrawn. The Committee feels that the rules should be uniform for all companies and companies belonging to underdeveloped areas should be given exemptions and other concession for infrastructure prospects having built in underdeveloped areas.

RECOMMENDATIONS

1. The consensus arrived at in the APC held in Peshawar on 16th November, 2016 should be respected and as mutually agreed, a 4-lane proper Motorway (to be widened to 6-lanes later) capable of taking the axle-load of 60 tons-plus weight vehicles on the Agreed Western Route should be constructed on priority along with rail, economic zones, fibre optics and transmission lines.
2. The existing 7-meter-wide road between Gwadar and Turbat providing good connectivity to light vehicles should not be disturbed. Instead a separate parallel 4-lane Motorway of standard specifications(to be widened to 6-lanes in next phase) should be built for heavy vehicles. Besides other advantages it may also prove to be a cheaper solution. The road should be built on the western route (D.I. Khan, Zhob, Quetta, Basima, Hoshab, Gwadar sections).

NEW GWADAR INTERNATIONAL AIRPORT (NGIA)

The Special Committee was given a detailed briefing by representatives of the Civil Aviation Authority on the project of building the New Gwadar International Airport, which is to be built on the Makran Coastal Highway 26 km East of Gwadar. This site is a proper site since it can be a major airport also catering to the passengers of larger towns of Pasni and also Turbat. On the question of visiting the Airport site, CAA informed the Committee that there was nothing on the site except fencing and watch towers around the 4,300 acres of land earmarked for the future airport. On our visit to the Reverse Osmosis (RO) desalination plant we passed by the Airport site. CAA was right. There was nothing except the fencing.

2. However, there are visible signs that the project may be started and completed within a short time. Originally, the project was being financed by a soft loan of the Government of Peoples Republic of China. This loan has now been converted into a grant. The "Onsite Feasibility Study of NGIA Project Execution" has

been signed by China and Pakistan and it accommodates views of both the sides. The next step is a formal agreement, which should be signed soon enough.

3. The Committee notes that the original PC-1 in 2010 of this high-priority project gave the project cost as Rs.7.5 billion. In the revised PC-1 the cost has shot up almost 3 times to around Rs.23 billion. The Committee hopes that the project will now be completed within its stipulated construction time of 36 months.

RECOMMENDATIONS

1. Pakistan and China should take the next step and sign the formal agreement on the construction of New Gwadar International Airport after signing the Onsite Feasibility Study of NGIA Project Execution and successfully converting the soft loan offered by the People's Republic of China into a grant.

COAL-FIRED POWER PLANT

At present Gwadar and other nearby towns including Pasni and Turbat are supplied electricity by a local grid that imports electricity from Iran. It is desirable that Gwadar develops its own electricity generation capacity and imported electricity is only used to back up the base-load and to meet shortages of supply against enhanced demand.

2. The 300MW Power plant is being built at a cost of \$552 million. This figure also includes the cost of the Jetty and other ancillary facilities that would be built for bringing in the coal stock since there is no local coal available. Perhaps coal can be supplied from the coal mines of Thar, which are being developed at a rapid pace.

3. The Committee notes that the country is importing LPG for running power plants in Punjab. The Pak-Iran Gas Pipeline also has to come up sooner or later. Perhaps natural gas can also be an option for running this plant as an alternate fuel besides coal.

4. Having built a thermal base load of sufficient capacity, this Committee proposes that the option of solar and wind energy should not be ruled out for future development. There is no shortage of wind on the Balochistan coast. In an earlier report, the Committee has pointed out that a 900 MW solar plant was being built in UAE at a cost of around one million dollars per MW. Also that electricity will be sold to the UAE Government from this solar plant at 3 cents per KWH. Quite recently the Government of India has decided to buy 15,000 MW from private producers of solar electricity at Rupees (Indian) 2.40 per KWH.

5. Some 200 acres of land has been acquired for the power plant and soil tests for start of the civil works have been completed.
6. The Committee having already recommended the constructions of Solar, Wind and Thermal plants along the western route strongly recommends that work of providing a 1000MW solar/wind /Thermal plants should be started on priority in the middle are of western route, somewhere near Zhob Division-Quetta-Pishan-Qila Abdullah-Harnay and Ziarat.

RECOMMENDATIONS

1. Gwadar should develop its own electricity generation facility and keep the Iranian electricity grid as a backup to meet any surge in demand for power.
2. The authorities may look into the option of transporting coal from Thar and for future plans keep the option of using solar energy or natural gas from Pak-Iran Gas Pipeline in addition to coal.

DRINKING WATER FOR THE PEOPLE OF GWADAR

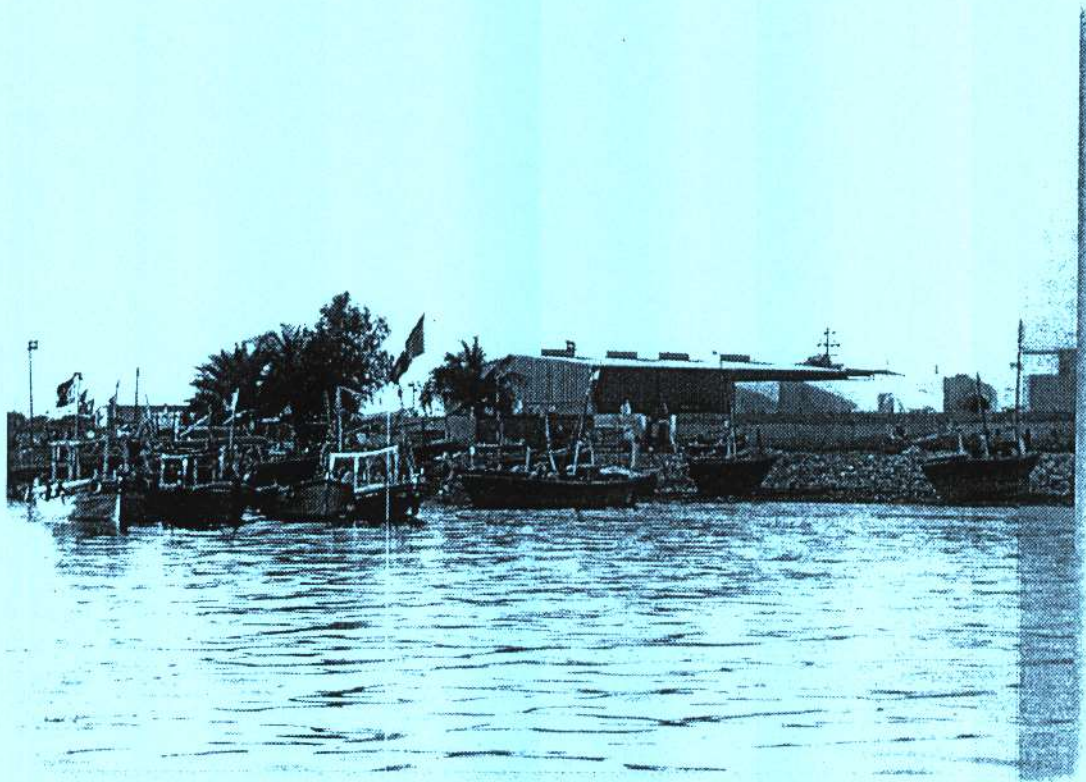
Hearthbreaking to see that a most modern plant installed near Gwadar to clean sea water and supply two million gallons per day to the people of Gwadar is not functioning. People of Gwadar have to depend on water brought in by tankers from Mirani Dam situated at a distance of around 200km from the City. While the water level in the Dam is rapidly falling, the cost borne by Balochistan for the daily supply is astronomical.

2. The Committee visited the plant which is at a distance of 25km from the City and is situated near the proposed Airport and the planned 300 MW coal power plant. The Reverse Osmosis plant has hardly been used and its condition is almost new. The only problem is its water intake.
3. On the water intake side there is a storage tank of 800,000 gallons capacity. The storage tank draws water from the sea. The problem as described to the Committee was that the storage tank starts emptying itself into the sea when the sea level falls. The Committee was also told that the size of 800,000 gallons of the storage tank was not sufficient to cater to the requirement of 2 million gallon per day RO plant. The Committee was informed that a new tank of 2 million capacity would be built at a cost of Rs.200 million.
4. The Committee finds the pointed out flaws outright ridiculous. Why can't a one way valve be fitted to prevent the water in the storage Tank from flowing back to the sea in low tide? Also that since the high tide occurs twice in a 24 hour cycle, the

storage tank would be filled to its full capacity twice a day during high tide. This water (not flowing back to the sea) would be sufficient for the needs of the plant for the next six hours when the storage tank would start filling again due to change in tide. By simply fitting a one-way valve in the intake pipe, the operative capacity of the 800,000 gallon tank becomes 32 million gallons per day, which is more than sufficient even if the plant runs round the clock on its full capacity of 2 million gallons per day.

5. There is no flaw in the design of the storage tank. We can safely presume that the one-way valve which prevents water from the storage tank flowing back to the sea must have been included in the design, which has not been put on the intake pipe or has been removed from it.

6. The Convener of the Committee who has experience of supervising the installation of hundreds of plants working on solar energy in the Desert of Thar as also on the coastal areas of Karachi offered that he will get the installed Gwadar RO plant operational within a month FREE OF COST through the contractors who have installed more than 1500 plants for the Government of Sindh. The Convener informed the officials that a new plant of one million Gallon per day capacity took only 2 months to be installed. This is what was done on the coast of Karachi at HawksBay, Mauripur, Chakiwara and other places. The Convener also informed the officials that the plants at Karachi do not even have storage tanks and draw water directly from the sea. The storage tank that the Arabian Sea provides extends right up to the South Pole. The sea water at Gwadar is absolutely clear and not highly polluted like the sea at Karachi and thus the yield would be comparatively much higher.

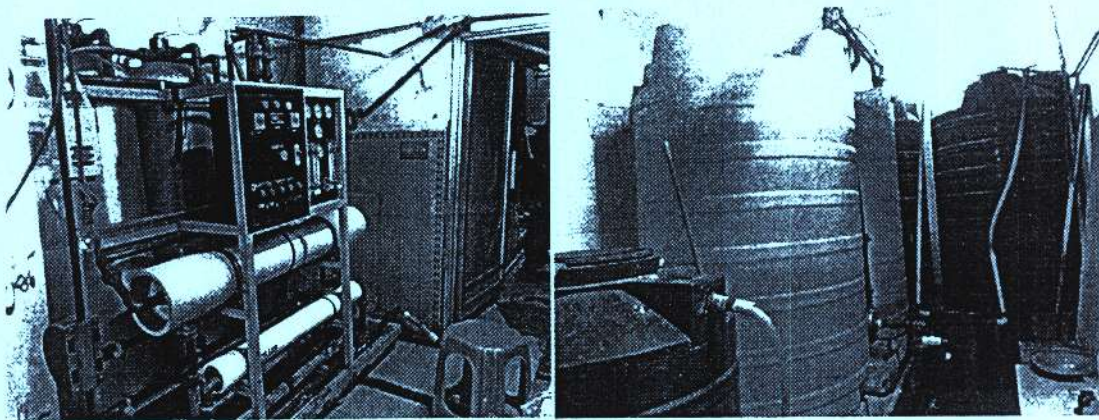


Reverse Osmosis Plant at Baba Bhatt Island, Keamari

7. The Convener felt that it would be a good and much more reliable solution for Gwadar city to install small 10,000-15,000 MGD capacity RO plants on East Bay and West Bay, to supply clean drinking water to nearby localities and would also be interconnected. In that case the water from the large 2 million MGD existing plant could be used not only for Gwadar City but also for other coastal towns in both directions as also for irrigation purposes. The Convener offered that he would request the Honorable Chief Minister, Sindh to gift some small plants to the people of Gwadar and to install and run them.

8. More than a million people of the coastal areas of Karachi as well as the Masroor Air Base of Pakistan Air Force are receiving their supply of best drinking water from the sea water treated by the RO plants. While the number of RO plants installed by the Government of Sindh all over the province exceeds 1700, more than 60 high capacity plants have been installed in the city of Karachi by the Government of Sindh. Hundreds of RO plants have been installed by private citizens in almost every locality of Karachi even in shops as small as 3m x 3m. Citizens purchase clean water from these private plants at around one rupee per liter and the plant operators make good profit on the continuous sale of best quality drinking water. Is there

another sea touching the coast of Balochistan? Are the laws of Physics different in Balochistan?



A 10,000 GPD private RO Plant in Saddar Karachi

9. The Pearl Continental Hotel Gwadar situated at the highest point in Gwadar on Koh-e-Bateel meets the water requirements of its guests and its own from its RO plant that cleans the sea water. So does the Gwadar Port. Two RO plants of 100,000 GPD capacity each have been lying unpacked for more than two years in Gwadar. One wonders what is the sin of the ordinary residents of Gwadar? Why are they being systematically punished?

10. The Committee sadly regrets that while on the insistence of the Convener GDA officials visited Karachi and, accompanied by the Convener, had a meeting with the contractors of the Sindh Government for immediately sending their engineers to Gwadar and providing FREE OF COST services for making the Gwadar RO plant operational no further progress has been made in this regard. The engineers also proposed putting the two unpacked RO plants of 100,000 GPD each on moveable platforms so that they could be moved to any site on the coast and provide clean drinking water. This arrangement can be beneficial as drinking water storages built in different coastal towns could be filled up in a matter of hours. However, no progress has been made in this regard. There may have been other reasons as well but the Director-General of the GDA was transferred from his post on his return after holding the meetings at Karachi.

11. GDA wants to put up a 5 Million Gallons per Day capacity desalination plant at a cost of 5 billion rupees. In view of a daily demand of 6.3 MGD, a plant of this size or different plants at different locations with their total capacity approaching 5 MGD plus are required. But what can one do about authorities that are not running even the existing installed capacity or unpacking the already supplied plants. Their reluctance to accept even the FREE OF COST offers for solving very simple problems raises doubts and apprehensions that some vested interests in continuing water

supplies by tankers at a greater cost to the Provincial Government are at work? Experiencing its very serious concern on the problems faced by the people of Gwadar, the Committee has asked the Convener to write to Honourable Chief Minister, Baluchistan a letter repeating his offer of free of cost repairs of the existing plants as well as intervening with Honourable Chief Minister, Sindh, to gift 5-plants of 10,000MGD to people of Gwadar. The letter to Honourable Chief Minister, Baluchistan has been sent.

RECOMMENDATIONS

1. Notwithstanding what mode of operation of plants the Government of Balochistan decides upon and what kind of agreements/arrangements the Government of Balochistan concludes for the supply of desalinated water to citizens of Gwadar, the existing facilities should be immediately made fully operational in the background of points raised in the preceding paragraphs.
2. Two plants reportedly lying unpacked should be installed immediately.
3. The financial allocation and other necessary procedural work on the proposed 5 MGD desalination plant should be expedited since a large demand and supply gap of water already exists.
4. All RO plants should be preferentially run on solar energy to spare grid electricity.
5. A policy should be devised whereby rain water stored in dams is primarily used for irrigation purposes and withdrawal of water of dams for other purposes is only resorted to in exceptional circumstances.

HOUSING FOR PERSONS DISPLACED BY THE PROJECT

The Committee recognizes the fact that every development project entails some displacement of local residents, but the Committee strongly reaffirm that any project that does not benefit the local population would be counterproductive.

2. For centuries, the residents of Gwadar have been depending on fishing for their livelihood. The main area of fish breeding has now been eaten up by present day Port. With the expansion of the Port on the East Bay side, fishing had to be stopped on East Bay and the local fishermen had to shift to West Bay. There are general complaints that fish stocks have depleted and it has become difficult for the fishermen to earn a living. The Committee also visited Surbander which is a fishermen's town situated on the coast at a distance of about 10 kilometers from Gwadar city. The Committee was informed that many fishermen from main Gwadar have now settled in this new location where fishing jetties including a floating Jetty

have been built. The Committee also saw a large auction hall where the catch is auctioned daily.

3. The Committee welcomes this initiative but is also of the opinion that the arrangement is insufficient to cater to the requirements of the local fishing community. While the town of Surbander presents the same old pattern of narrow winding lanes and low quality housing a new settlement by the name of Meer Gurab is also coming up near the town, which appears to be a much better planned settlement with wide and straight roads. Situated on the Makran Coastal Highway, the Committee has every hope that further developments in the area would be well-planned. However, the question remains whether a proper policy and planning has been prepared to compensate and settle the displaced persons in decent localities and better income opportunities for them. The Committee regrets that while the old residents have been told that they will have to vacate the project area, no rehabilitation plan with their consultation has been prepared.

4. Local fishermen of Sur Bander who met the Committee members on their visit to the Jetty complained about the design of the breakwater that was being built. The breakwater should be double purpose—protect the Jetty from the rough sea and provide the fish species a favorable breeding ground. The Committee recommends that the design may be looked into and required changes be made in consultation with the local fishermen.

5. The Committee also recommends that the displacement of the people of Gwadar should be kept to a minimum. Secondly, better income opportunities and residential facilities should be provided to the displaced persons. It is very important for the success of any development project that the local population becomes beneficiary of the project and it does not create an affected or suffering communities.

6. The Committee is of the opinion that displacement of some of the people of Gwadar opens up new opportunities. Such displacements have also taken place in nearby countries of the Gulf region and the displaced persons have been accommodated in newly built well-planned modern towns where much enhanced economic opportunities had been provided well in advance.

7. There do exist immense opportunities for the scientific development of the fisheries sector in and around Gwadar port if a proper plan is devised in this sector. Like in many other sectors our people have been continuing with the working models and practices that were set up centuries ago. The world has moved ahead. The market is no longer the tiny village local market. Competition is global. If we fail to modernize, we perish however hard we may try. We have to build a complete chain starting from finding the best locations (near river mouths) for promoting fish

stock, well-equipped boats, refrigeration units, quality control regime, packing and exports near Gwadar (later at other suitable locations on the Coast) to create new opportunities for the displaced fishing communities.

8. The Committee thus strongly recommends that an overall plan should be developed for the fishery sector with the assistance of experts and the whole program should be taken up as a separate project under the overall program of rehabilitation/compensation side of CPEC projects.

RECOMMENDATION

1. The Committee recommends that the displacement of the people of Gwadar should be kept to a minimum. Secondly, better income opportunities and residential facilities should be provided to the displaced persons. It is very important for the success of any development project that the local population benefits from megaprojects.

OPTIC FIBRE CABLE

Laying of an Optic Fibre Cable (OFC) all along the Agreed Western Route, remains a matter of vital importance. This Special Committee had asked the Ministry of Information to attend its meeting. However, no representative of the Ministry attended the meeting.

2. The Committee understands that there are restrictions on the Ministry to lay OFCs beyond its very limited specified area and a sub-committee of the Standing Committee of the Senate on Delegated Legislation is already cognizant of the issue.

3. This Special Committee is of the opinion that no restrictions should be placed on the Government for laying Optic Fibre Cable in any part of the country. It also apprehends that a cartel of private mobile phone companies may be behind the move. But it was highly improper for the Ministry not to send a representative to give its point of view to the Committee. The Committee expresses its displeasure on this lapse.

RECOMMENDATIONS

1. There should be no restriction for laying Optic Fibre Cable anywhere in the country and a cartel of private mobile phone companies that may be behind the restrictions may be kept under a check.

TOURISM OPPORTUNITIES

The Committee is of the opinion that large opportunities exist for promotion of tourism on the Balochistan coast. As a matter of fact tourism sector has hardly been explored. Local tourism from large suffocated urban centers like Karachi has great potential. This trend will subsequently be followed by foreign tourists. Makran coast has beaches unparalleled in beauty. Hingol National Park situated at 3 hours drive from Karachi has hills that cast a spell on visitor. There is no ferry service on the Coast. Ferry service besides bringing out the beauty of the coast would also provide an economic means of transport between Karachi and Gwadar. The Committee is informed that Pakistan National Shipping Corporation is planning to start a Ferry Service. The Committee also finds that development of tourism on the coastline between Keti Bunder and Gwadar has been included in the CPEC plans. Tourism developed under a well-conceived plan opens up new income and job opportunities for the local population.

2. The Special Committee of the Senate visited a hospital building at Gwadar, which is being constructed by the Chinese Government. The building was complete. Committee hopes that hospital equipment too has been provided by now and the hospital has started functioning. Besides this hospital, GDA is also working on a modern 150 bed hospital. An Institute of Technology, a University, Sports Complex, Shopping complex and of course Economic and Export Zones are also being developed under a Master Plan. All of these projects indeed are of crucial importance. However, many of these may lie unutilized if the Port, the Rail Link, and the Motorway are not developed on priority.

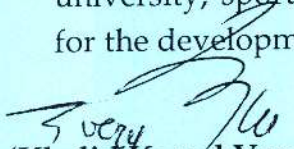
RECOMMENDATIONS

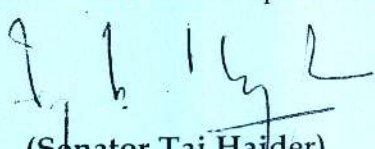
1. The Committee recommends that development of tourism under a well thought out Master Plan should be accorded priority.
2. Gwadar Development Authority should focus its efforts at building basic social amenities such as hospitals, educational institutions including a university, sports complex, shopping areas and economic and export zones for the development of Gwadar.

COMMITTEE RECOMMENDATIONS

1. Dredging operations for deepening of the shipping channel may be launched on priority as any delay in dredging will also delay the construction of the Expressway. The two projects may be launched simultaneously.
2. A dockyard and an engineering workshop should be included in the overall plan of the Gwadar port to cater to the requirement of ship repairs, which can not only fulfill a valid need of ocean going vessels but can be a source of substantial revenue earnings for the Port.
3. The elected Provincial Assembly of Balochistan should pass a resolution for naming the Port of Gwadar after a national hero who has rendered services to the people of Balochistan.
4. In order to expedite the work and provide a financial ease to Pakistan Railways, a schedule of payment in easy installments should be worked out between Pakistan Railways and the Government of Balochistan.
5. Gwadar Development Authority should immediately share with Pakistan Railways a breakup of how much cargo is expected to be transported by railway and how much by road or pipeline etc. for the sake of accurate feasibility reports.
6. The Committee wishes to repeat its proposal given in an earlier Interim Report that the traction should be electric and cheap electricity should be supplied by high capacity solar energy plants enroute.
7. The consensus arrived at in the APC held in Peshawar on 16th November, 2016 should be respected and as mutually agreed, a 4-lane proper Motorway (to be widened to 6-lanes later) capable of taking the axle-load of 60 tons-plus weight vehicles on the Agreed Western Route should be constructed on priority along with rail, economic zones, fibre optics and transmission lines.
8. The existing 7-meter-wide road between Gwadar and Turbat providing good connectivity to light vehicles should not be disturbed. Instead a separate parallel 4-lane Motorway of standard specifications (to be widened to 6-lanes in next phase) should be built for heavy vehicles. Besides other advantages it may also prove to be a cheaper solution. The road should be built on the western route (D.I. Khan, Zhob, Quetta, Basima, Hoshab, Gwadar sections).
9. Pakistan and China should take the next step and sign the formal agreement on the construction of New Gwadar International Airport after signing the Onsite Feasibility Study of NGIA Project Execution and successfully converting the soft loan offered by the People's Republic of China into a grant.

10. The authorities may look into the option of transporting coal from Thar and for future plans keep the option of using solar energy or natural gas from Pak-Iran Gas Pipeline in addition to coal.
11. Gwadar should develop its own electricity generation facility and keep the Iranian electricity grid as a backup to meet any surge in demand for power.
12. Notwithstanding what mode of operation of plants the Government of Balochistan decides upon and what kind of agreements/arrangements the Government of Balochistan concludes for the supply of desalinated water to citizens of Gwadar, the existing facilities should be immediately made fully operational in the background of points raised in the preceding paragraphs.
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15. All RO plants should be preferentially run on solar energy to spare grid electricity.
16. A policy should be devised whereby rain water stored in dams is primarily used for irrigation purposes and withdrawal of water of dams for other purposes is only resorted to in exceptional circumstances.
17. The proposed breakwater should be double purpose—it should protect the Jetty from rough sea as well as provide the fish species a favorable breeding ground. The Committee recommends that the design may be looked into and required changes be made in consultation with the local fishermen.
18. The Committee recommends that the displacement of the people of Gwadar should be kept to a minimum. Secondly, better income opportunities and residential facilities should be provided to the displaced persons. It is very important for the success of any development project that the local population benefits from megaprojects.
19. There should be no restriction on laying Optic Fibre Cable anywhere in the country and a cartel of private mobile phone companies that may be behind the restrictions may be kept under a check.
20. Gwadar Development Authority should focus its efforts at building basic social amenities such as hospitals, educational institutions including a university, sports complex, shopping areas and economic and export zones for the development of Gwadar.


 (Khalid Kamal Verryamani)
 Secretary Committee


 (Senator Taj Haider)
 Convener