



Shahnawaz Mahmood Deputy Managing Director Pak-China Investment Company Limited

ICMAP: What was the idea behind the establishment of Pak-China Investment Company? Please apprise us about its objectives, role and achievements?

SM: Pak-China Investment Company Limited (“PCICL”), which is a development financial institution (DFI) jointly sponsored by the Ministry of Finance of Pakistan and China Development Bank is playing an important role in furthering the bilateral economic relations between the public and private sectors of Pakistan and China. Established in 2007, with agreement of both Governments, PCICL has over the years successfully completed transactions in a varied spectrum of sectors such as infrastructure, renewable energy, textile, sugar, Ports & Shipping and other industrial sectors. PCICL has a strategic edge that it has been permitted by the State Regulator (State Bank of Pakistan) as the only DFI to lend and borrow in USD. PCICL has access to local as well as Chinese Capital Market, which gives it edge to access to fund capital requirement. PCICL supports infrastructure development, greater synergy between the Financial sector cooperation as well as promoting Chinese investment in Pakistan. Our two main sponsors i.e. Ministry of Finance gives us access to the government institutions and immense strategic advantage on key projects and GOP led initiatives and China Development Bank gives us a window of immense opportunity, market and capital; providing us with expertise and synergy.

ICMAP: Is Pak-China Investment Co. engaged in financing projects under CPEC? If so, please share the details of these projects and the size of financing?

SM: With the advent of China-Pak Economic Corridor (“CPEC”), PCICL’s primary sponsor, China Development Bank has been the institution providing financing under the broader initiative of CPEC. Given the size and scope of a Policy Bank,

CDB has led the CPEC initiative reviewing and financing a number of projects under the One Belt One Road. PCICL is as a bridge to bring together the public and private sectors of both countries. Focusing also on the spillover projects of CPEC as well as encouraging greater Chinese investments in Pakistan; we are also involved in furthering the government’s vision of creating special economic and industrial zones for relocation of Chinese industry into Pakistan and establishing joint ventures. Recently PCICL became a member of the executive committee and a member of the Joint Working Group on Industrial Cooperation which is the mechanism through which work on Special economic zones will be done. We are also advising the Privatization Commission on privatization of Pakistan Steel Mills.



ICMAP: Can you identify the sectors in which the Chinese entrepreneurs are more interested to invest in Pakistan, either directly or through joint ventures?

SM: Apart from the areas outlined in the CPEC development plan, a great number of Chinese investors and companies are coming to Pakistan to explore areas where greater value addition can be undertaken. There were times when Chinese companies were only interested in EPC contracts but because of CPEC development and government policies, we are witnessing increasing interest of Chinese companies in investment in Pakistan in various sectors. Chinese companies have shown interest in infrastructure, energy as well as manufacturing industries which China can have synergy with local partner. You would be happy to note that greater interaction is being encouraged by the two governments for Chinese and Pakistani enterprises both at the provincial and federal level.

ICMAP: PCIC is one of the local partners of Chinese consortium which has recently purchased 40% strategic equity stake of Pakistan Stock Exchange (PSX). How would it help marketability of PSX and mobilize funds for CPEC and other projects in Pakistan?

SM: Acquisition of PSX by consortium led by Chinese exchanges is a major milestone for Pakistani capital market as well the regulator i.e. SECP. PCICL with the sponsor support, track record/experience and clientele (of the institution) can play an instrumental role in CPEC related projects. Now with Shareholding and BOD representation in PSX, PCICL can play the role of bridge between CPEC Projects and Capital Markets of Pakistan. This would help in listing of CPEC Projects on PSX and mobilization of funds from local investors for the CPEC Projects. The consortium also has many market development plans which will increase the depth of PSX.

ICMAP: Do PCIC provide advisory services for matchmaking of Pakistani and Chinese companies? How ICMA Pakistan can engage with PCIC in providing professional expertise and services in preparing feasibilities and cost analysis of joint venture projects? Can you identify areas where ICMA Pakistan and PCIC can join hands for collaboration?

SM: Yes, one of PCICL's main tasks is to use the PCICL platform to bridge the two public and private sides together. Therefore we are very much into match making, due diligence, business plan evaluations and then seeking cooperating partners in china or Pakistan. Pak China has a dedicated China Advisory Department. ICMA Pakistan can play an important role in helping companies formulate bankable feasibilities, cost analysis for joint ventures etc. For this ICMA has to equip itself with the capacity and mandate to undertake such a task.

ICMAP: What role PCIC is playing in promoting exports of Pakistan to China?

SM: PCICL is supporting and promoting the industrial development as well as greater Chinese investment in Pakistan. We endeavor to bring both public and private sectors entities together for development of export related industries. In that we are also supporting local Pakistani companies and business houses to expand and go towards value addition; where possible with Chinese companies as Joint Ventures.

ICMAP: CPEC will be a game changer for the region. What are your comments?

SM: CPEC is part of a broader initiative under One Belt One Road. Its all inclusive concept for not only Pakistan but also includes the development and economic progress of this region. The term "game changer" as widely mentioned the only viable solution to Pakistan's and the region primary problems is the "harmonious economic development". What is transpiring in Pakistan today is an economically beneficial "course correction" with a focus on economic development. Therefore CPEC is helping to link Pakistan with the region with a network of roads, rail focused on inter-connectivity, as our economies around the world are more and more interdependent. With the development of infrastructure, industrial activity will increase in Pakistan thus creating employment opportunities. CPEC will be translated into economic development of Pakistan on a broader level and for the uplifting of the people of the region.

The interview ended with a vote of thanks to Mr. Shahnawaz Mahmood, Deputy Managing Director Pak-China Investment Company Limited who spared his valuable time and gave his candid views exclusively for this Journal - Editor



Mr. Waqar Ali Khan, FCMA Member National Council, ICMA Pakistan is presenting a memento to Mr. Shahnawaz Mahmood, Deputy Managing Director, Pak-China Investment Company Limited. Mr. Zakir Hussain Satti, Director North Region is also seen in the picture.