

# CPEC: Dividends for Balochistan (A Critical Analysis)

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## Executive Summary

The construction of Gwadar seaport under CPEC has highlighted its significance for Balochistan and the region at large. It is also the new hub of regional connectivity. Gwadar is set to serve as the trading corridor for Central Asia and Afghanistan up to Kashgar. Gwadar will also be an international port for transshipment to the countries of Persian Gulf and the littorals of North Arabian Sea. The trade connectivity will buoy economic activity in Balochistan. This will further lead to industrialization and urbanization in the desolate province of Balochistan. In particular, the mining industry of Balochistan will flourish. Balochistan's development and CPEC's success are interrelated. There are certain factors that need introspection before the project takes off. Balochistan's poor socio-economic indicators might slowdown the development phase. At the regional front, Gwadar being a pivotal component to CPEC might be targeted, amidst competitive tendencies.

- Recommendations are:-
  - Locals need to understand that the opening up of Balochistan to outside industry is an opportunity to catch up with China's industrial development.
  - The provocation of religious and cultural sensitivities by regional quarters needs a counter narrative. In this regard, state and religious scholars need to come up with a narrative of development and success of CPEC in Balochistan.
  - The role of think tanks, media and educational exchanges is useful in allaying the apprehensions over CPEC projects in Balochistan.
  - Baloch people should have a lead role in development projects of CPEC.
  - The employment in coal power projects, in Hub and Gwadar need a larger representation from the locals.
  - The approach that the locals lack in education and might not fit in well in CPEC projects needs to be changed. The reason being such an approach will further marginalize the locals and reinforce the sense of deprivation.
  - To bring the locals at par with the foreign workforce will require capacity building at grass-root level.
  - To smoothen the process of industrialization and timely execution of projects, the Centre and Balochistan need to have strong communication.
  - The government-private partnership in research should be encouraged. With in-depth knowledge and research, output can be improved significantly.
  - To make Gwadar a trading seaport for region, and to materialize the Central-South connectivity, efforts are needed towards a stable economy.
  - Regional countries like Iran, India, Afghanistan and the Central Asian states need to be approached for bilateral projects. This will enhance the foreign and local investors' interest in CPEC.

### Issue to be Analyzed

CPEC: Dividends for Balochistan. To explore the impact of CPEC on Balochistan that how connectivity will address the development issues being faced by the local population in Balochistan.

### Analysis

*A trade corridor will wind its way from China down through Pakistan to the Arabian Sea, with the Western corridor ending at Gwadar in Balochistan and in the East, at Karachi.*<sup>1</sup>

CPEC will be built astride the Karakorum Highway stretching from the Pakistani town of Havelian in Hazara division to Khunjerab Pass, the border of China and Pakistan.<sup>2</sup> CPEC after it enters Khyber-Pakhtunkhwa from the Khunjerab Pass and Gilgit-Baltistan will enter Balochistan via Dera Ismail Khan to Zhob, Qila Saifullah, Quetta, Kalat, Punjgur, Turbat and Gwadar (Western route). Another route for CPEC referred to as the Central will start from Dera Ismail Khan to Dera Ghazi Khan and onwards to Dera Murad Jamali, Khuzdar, Punjgur, Turbat to Gwadar. The third route called as the Eastern will enter the Punjab province from Khyber Pakhtunkhwa, going through Lahore, Multan and onto Sukkur, from there it will head towards Balochistan linking with the Western route at Khuzdar.<sup>3</sup>

CPEC's prongs passing through Balochistan will open up the province to other regions of the country as well as establish prospects of international exchange.<sup>4</sup> Regionally, the Gwadar seaport will be the harbinger of development for Balochistan.

### Gwadar and Regional Connectivity

Gwadar located at the Arabian Sea<sup>5</sup> is the shortest and most feasible route to the sea for most Central Asian countries. Kazakhstan, Kyrgyzstan and Tajikistan have access to Gwadar via Kashgar and Karakorum Highway<sup>6</sup> whilst Uzbekistan and Tajikistan have access to Gwadar via Afghanistan.<sup>7</sup> Russia may feel a strong pull towards Gwadar enabling it to realize her trade

<sup>1</sup> Jennifer McKay, "The New Silk Road and the Sea," *The News*, March 23 2016, <https://www.thenews.com.pk/print/107317-The-new-Silk-Road-and-the-Sea> (accessed October 25, 2022).

<sup>2</sup> Dr. Moonis Ahmar, "Strategic Meaning of the China-Pakistan Economic Corridor," *Institute of Strategic Studies Islamabad (ISSI), Journal*, Vol. 34 and 35, No. 4 and 1, (Winter 2014 and Spring 2015): 42, <https://www.jstor.org/stable/48527474> (accessed September 30, 2022).

<sup>3</sup> Dr. Hasan Askari Rizvi, "The China-Pakistan Economic Corridor: Regional Cooperation and Socio-Economic Development", *Institute of Strategic Studies Islamabad (ISSI) Journal*, Vol. 34 and 35, No. 4 and 1, (Winter 2014 and Summer 2015): 11, [http://issi.org.pk/wp-content/uploads/2015/12/Hasan-Askari-Rizvi\\_3435\\_SS\\_41\\_20142015.pdf](http://issi.org.pk/wp-content/uploads/2015/12/Hasan-Askari-Rizvi_3435_SS_41_20142015.pdf) (accessed September 30, 2022).

<sup>4</sup> "Speakers Say CPEC to Develop Balochistan," *The News*, June 4, 2022, <https://www.thenews.com.pk/print/963254-speakers-say-cpec-to-develop-balochistan> (accessed November 1, 2022).

<sup>5</sup> "3 Varsities on CPEC Route to be Functional this Year: Ahsan", *Dawn*, March 20, 2016, <https://www.dawn.com/news/1246870> (accessed November 1, 2022).

<sup>6</sup> Former President General Pervez Musharraf's address to SCO Summit held at Shanghai, China, July 7, 2006, <https://presidentmusharraf.wordpress.com/2006/07/07/sco-states-summit-2006/> (accessed November 10, 2022).

<sup>7</sup> Central Asia and Afghanistan: A Tumultuous History, Special Report, Stratfor, September 24, 2013, <https://www.stratfor.com/analysis/central-asia-and-afghanistan-tumultuous-history> (accessed November 5, 2022).

aims through a secure hot waters all weather port.<sup>8</sup> Moreover, Kashgar, the capital of Xinjiang is 2800 kilometres from Gwadar via the envisaged CPEC route.<sup>9</sup> The Kashgar-Gwadar link and the Central-South regional trade will accrue economic benefits.<sup>10</sup> Gwadar as an international port will also be a destination point for offloading of cargo and further transshipment to the countries of Persian Gulf and the littorals of North Arabian Sea. Studies have estimated that within a span of 15 years, the maritime trade through Gwadar will be 42-65 million tons while this trade will exceed 300 million tons in next 50 years<sup>11</sup> (at present Pakistan's maritime trade is 67 million tons, handled jointly by the Karachi and Qasim ports).<sup>12</sup> The trade connectivity will generate economic activity in province leading to industrialization, and job, and educational opportunities for the local Baloch. The development of modern infrastructure, including the building of roads, hotels, schools and hospitals will improve the life style of the locals. The urbanization will attract masses from other areas of the country to Balochistan. According to the Gwadar Development Authority (GDA), an estimated 1.7 million people will move to Gwadar within the span of 30 years.<sup>13</sup>

Balochistan borders with Iran and Afghanistan.<sup>14</sup> The instability in Afghanistan is a challenge to CPEC's operation and projection into Central Asia. Thereby, to ensure that CPEC progresses, and Balochistan is able to accrue the economic dividends of its geographic proximity with Afghanistan, peace in Afghanistan is a pre-requisite. The Shanghai Cooperation Organization (SCO) having representation from China, Russia, Central and South Asia, and Afghanistan can be a platform towards greater integration and regional peace.

Another dimension linked with Gwadar's operation and China's access to Indian Ocean involves the China-India competition. CPEC is an integral part of the Belt and Road Initiative (BRI).<sup>15</sup> India has expressed skepticism over BRI, in particular the seaports / economic corridors' linking South Asia and adjoining regions'. From India's perspective, the seaports – Gwadar, Hambantota, Chittagong and Kyaukphyu will expand China's influence in region.<sup>16</sup> China's access to Arabian Sea and Bay of Bengal will shift the balance of power more towards

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<sup>8</sup> Lieutenant General (R) Naeem Lodhi and Brigadier (R) Abdul-Rehman Bilal, "Maximizing the Regional Potential of CPEC," Chapter 11 in *CPEC A Precursor to Regional Economic Growth and Stability*," Editor Dr. Zafar Iqbal Cheema, *China Studies and Information Center, Strategic Vision Institute (SVI), Islamabad*, 2019, 228.

<sup>9</sup> Dr. Azhar Ahmad, "Gwadar Port Potential and Prospects," Research Paper presented at the seminar on Gwadar, organized by *Pakistan Institute for Conflict and Security Studies (PICSS)* and *Federation of Pakistan Chambers of Commerce & Industry (FPCCI)*: January 29, 2015, <https://www.picss.net/wp-content/uploads/2015/02/Dr-Azhar-Gwadar-Potential-Prospects.pdf> (accessed October 30, 2022).

<sup>10</sup> Dost Muhammad Barrech, "CPEC: Harbinger of Prosperity for Balochistan," *Global Village Space*, September 3, 2022, <https://www.globalvillagespace.com/cpec-harbinger-of-prosperity-for-balochistan/> (accessed September 23, 2022).

<sup>11</sup> Ahmad, "Gwadar Port Potential and Prospects."

<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

<sup>14</sup> "3 Varsities on CPEC Route to be Functional this Year: Ahsan", *The News*, March 15, 2016.

<sup>15</sup> Rida Rizvi, "Analyzing Public Opinion of Pakistanis on China Pakistan Economic Corridor," *Iqbal International for Research and Dialogue (IRD)*, International Islamic University, Islamabad, 7.

<sup>16</sup> "India rebuffs China's objections to oil exploration in South China Sea," *The Indian Express*, September 15, 2011, <https://indianexpress.com/article/news-archive/print/india-rebuffs-chinas-objections-to-oil-exploration-in-south-china-sea/> (accessed November 5, 2022).

China,<sup>17</sup> and weaken India regionally. The China-India competition also involves third parties. In the words of British Historian, Geoffrey Till: “China and India are allied to Pakistan and the US respectively.”<sup>18</sup> The Gwadar seaport has lessened China’s dependence on Malacca route<sup>19</sup> which, in fact has outmaneuvered the efforts of encircling China in East Asia. Thereby, the China-India war of influence in South Asia<sup>20</sup> along with the US-China competition have led to a competitive political environment.<sup>21</sup> The political construct of Indo-Pacific could be termed as an outcome of China’s expanded role in South Asia.<sup>22</sup> Thus, the regional and global competitive tendencies might impede CPEC, and Gwadar being pivotal component to regional corridor might be the target.

### **CPEC and Socio-Economic Development of Balochistan**

The specific CPEC projects for Balochistan include HUBCO Coal Power Plant (1300 megawatts), Grid Station in Hub Balochistan,<sup>23</sup> the Khuzdar-Basima Highway (N-30), the D.I. Khan-Quetta Highway (N-50), the Makran Coastal Highway (N10), M8 (motorway) linking port city with Sindh,<sup>24</sup> Gwadar Power Plant (300 megawatt), Gwadar-Nawabshah LNG Terminal, Gwadar Smart Port City, Gwadar Eastbay Expressway-II, Gwadar International Airport and the Gwadar Technical and Vocational College.<sup>25</sup> Energy projects being constructed as part of CPEC in Balochistan will provide the rural population of province with electricity. The establishing of vocational / technical institutions along the CPEC route will help in training of local technical talent. In addition, the Gwadar seaport, the construction of inter-city highways and the Special Economic Zones-SEZs (Gwadar and Bostan) will boost economic activity in Balochistan.<sup>26</sup> The trade connectivity of Balochistan both within and outside will bring in investments, new industries and markets will be opened.

Seeing the internal dynamics of Balochistan, the ground facts depict optimism as well as gloominess. Optimism from the facts that Balochistan’s coastal line stretches 750 kilometres

<sup>17</sup> Captain Abraham Samuel, “Emerging Indo-Pacific Geopolitics: Challenges and Opportunities for India,” Indian Ministry of Defence (July 2018): 89, <https://www.mod.gov.jp/msdf/navcol/SSG/review/8-1-s/8-1-6.pdf> (accessed November 5, 2022).

<sup>18</sup> Chietigi Bajpae, China-India Regional Dimensions of the Bilateral Relationship, *Strategic Studies Quarterly (SSQ)*, *Journal of the US Air Force* 9, Issue. 4 (Air University Press, December 2015): 116, [https://www.airuniversity.af.edu/Portals/10/SSQ/documents/Volume-09\\_Issue-4/Bajpae.pdf](https://www.airuniversity.af.edu/Portals/10/SSQ/documents/Volume-09_Issue-4/Bajpae.pdf) (accessed November 6, 2022).

<sup>19</sup> Ahmad, “Gwadar Port Potential and Prospects.”

<sup>20</sup> Hassan Dawood Butt, “From Geostrategic to Geoeconomic Advantage,” Chapter in *CPEC A Precursor to Regional Economic Growth and Stability*, Chapter in *CPEC A Precursor to Regional Economic Growth and Stability*, ed, Dr. Zafar Iqbal Cheema, (China Studies & Information Center, *Strategic Vision Institute (SVI)*, Islamabad, 2019): 26.

<sup>21</sup> David Lai, “Asia Pacific: A Strategic Assessment,” (US Army War College: Strategic Studies Institute-SSI, 2013): 9, <http://www.StrategicStudiesInstitute.army.mil/> (accessed November 5, 2022).

<sup>22</sup> Samuel, “Emerging Indo-Pacific Geopolitics: Challenges and Opportunities for India,” 96.

<sup>23</sup> Mir Sher Khetran, “CPEC in Balochistan Impact and Prospects,” China-Pakistan Study Centre (CPSC), *Institute of Strategic Studies Islamabad* (February 2021): 3.

<sup>24</sup> Ali Haider Saleem, “CPEC and Balochistan: Prospects of Socio-political Stability,” *Institute of Strategic Studies Islamabad* 37, no.4 (Winter 2017): 126.

<sup>25</sup> Khetran, “CPEC in Balochistan Impact and Prospects,” 4.

<sup>26</sup> Saleem, “CPEC and Balochistan: Prospects of Socio-political Stability,” 125-126.

and the Exclusive Economic Zone (EEZ) is spread over an area of 180,000 square kilometres.<sup>27</sup> Besides, the province is also rich in minerals. There is estimated 200 million tons of iron, 217 million tons of coal, 412 million tons of gold and copper (Saindak) and 5.9 billion tons of copper and gold (Reko Dik).<sup>28</sup> With industrialization and trade connectivity, Balochistan's mining sector will flourish.<sup>29</sup> Canadian company, Barrick Gold has agreed to develop the Reko Diq mine in Balochistan. The mine has copper and gold deposits and has the capability of producing 200,000 tons of copper and 250,000 ounces of gold yearly.<sup>30</sup> US\$ 10 billion will be invested in project.<sup>31</sup> The project is likely to generate 7,500 jobs for the locals.<sup>32</sup> Such contracts with foreign companies would reduce unemployment in local areas and also strengthen micro, medium and small sized industries.

Balochistan's fishing industry has failed to grow. The active fishermen in Balochistan are around 50,000, out of which 9000 are in Pasni and Gwadar; Gwadar being the chief port along Makran coast. The province lacks in infrastructure for fishing due to which a lot of Baloch fishermen have shifted to Karachi. This trend has deprived Balochistan of a vital income from fishing industry.<sup>33</sup>

Agriculture is another area in Balochistan which has been neglected. The primitive methods of agriculture and lack of drip irrigation system has resulted into water scarcity. The province had been facing worst form of poverty due to loss of 43 percent of the livestock.<sup>34</sup>

The poor socio-economic indicators in Balochistan are a reality. The poverty in province is 71 percent which is the highest in country.<sup>35</sup> Majority of the population lives in villages, and only 25 percent of the villages have electricity.<sup>36</sup> The facility of gas is in four districts.<sup>37</sup> With such downtrodden ground conditions, the development phase of Balochistan is a challenge. Investors and developers might find it difficult to step in such a terrain. Thereby, in order to rule out such a scenario, efforts need to be directed at grass-root level to improve the socio-economic indicators.

### Socio-Cultural Dividends of CPEC

The female education in Balochistan is 16 per cent whereas in other provinces the female education is 32 per cent.<sup>38</sup> With Chinese working in Balochistan, the Baloch society will be exposed to an outside culture. A positive aspect of this social exposure could be that the Baloch society might become more liberal towards women workforce. Most importantly, it will be an

<sup>27</sup> Khetran, "CPEC in Balochistan Impact and Prospects," 1.

<sup>28</sup> Ahmad, "Gwadar Port Potential and Prospects."

<sup>29</sup> Saleem, "CPEC and Balochistan: Prospects of Socio-political Stability," 126.

<sup>30</sup> Reko Diq Deal, Editorial, *Dawn*, March 23, 2022.

<sup>31</sup> Hasnaat Malik, "Pakistan Evades \$11 billion Reko Diq Penalty," *The Express Tribune*, March 20, 2022.

<sup>32</sup> Saleem Shahid, "Barrick Gold Assures Locals of Jobs in Reko Diq," *Dawn*, October 17, 2022.

<sup>33</sup> Ahmad, "Gwadar Port Potential and Prospects."

<sup>34</sup> Khetran, "CPEC in Balochistan Impact and Prospects," 2.

<sup>35</sup> "Speakers Say CPEC to Develop Balochistan," *The News*, June 4, 2022.

<sup>36</sup> Saleem, "CPEC and Balochistan: Prospects of Socio-political Stability," 120.

<sup>37</sup> *Ibid*, 121.

<sup>38</sup> Khetran, "CPEC in Balochistan Impact and Prospects," 2.

opportunity for women living in rural areas, their access and outreach to foreign markets will be a recognition of their work.

Under the CPEC framework, universities will be built along the Western route.<sup>39</sup> These universities will be an opportunity for locals of Zhob and Gwadar to study and improve their livelihood. With education at grass-root level, the Baloch youth will be better equipped to work alongside the foreigners in CPEC projects. The educated Baloch will have a wider vision to grow. The prospects of Baloch studying in Chinese universities will also increase.

### Recommendations

- Locals need to understand that the opening up of Balochistan to outside industry is an opportunity to catch up with China's industrial development.
- The provocation of religious and cultural sensitivities by regional quarters needs a counter narrative. In this regard, state and religious scholars need to come up with a narrative of development and success of CPEC in Balochistan.
- The role of think tanks, media and educational exchanges is useful in allaying the apprehensions over CPEC projects in Balochistan.
- Baloch people should have a lead role in development projects of CPEC.
- The employment in coal power projects, in Hub and Gwadar need a larger representation from the locals.
- The approach that the locals lack in education and might not fit in well in CPEC projects needs to be changed. The reason being such an approach will further marginalize the locals and reinforce the sense of deprivation.
- To bring the locals at par with the foreign workforce will require capacity building at grass-root level.
- The efforts need to be directed towards the economic uplift of the locals. In this regard, the provision of electricity at grass-root level is essential. Besides, the employment opportunities in coal power projects, in Hub and Gwadar need a larger representation from the locals.
- The government-private partnership in research should be encouraged. With in-depth knowledge and research, output can be improved significantly.
- To make Gwadar a trading seaport for region, and to materialize the Central-South connectivity, efforts are needed towards a stable economy.
- Regional countries like Iran, India, Afghanistan and the Central Asian states need to be approached for bilateral projects. This will enhance the foreign and local investors' interest in CPEC.

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<sup>39</sup> 3 Varsities on CPEC Route to be Functional this Year: Ahsan.