

CHINA PAKISTAN ECONOMIC CORRIDOR PROJECTS IN BALOCHISTAN; OPPORTUNITIES AND CHALLENGES

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Abstract

This Paper is an effort to explore the on-going projects in Balochistan, Province Pakistan under China Pakistan Economic Corridor. The research paper is based upon the investigation of the cost, initiation, completion, and progress of these projects. It is also surrounding the impacts of all proposed projects in the projects on the common masses of the province. It is inculcating area of the project, its cost, either the project is partially under the umbrella of CPEC or fully for better understanding and analyzation. This has been done for every sector and project individually in tabular form which would help us to summarize more information and easy understandings.

The paper also deals with the real time gaps between these projects and their impacts on the cost evaluation and management at provincial and central level. It has also tried to give a short comparison with the progress of projects based in other provinces. The paper is lightened with suggestions and remedial measures.

Keywords: China Pakistan Economic Corridor, Cost, Balochistan,

1.1 Introduction:

CPEC and its projects in Balochistan, is undeniably one of the highly praised and applauded topic for the country to change its economic conditions. It is also a topic which has been neglected, as the projects based in Balochistan is never or very minimum come under the radar of researchers. There is very few and dispersed informative regarding the mentioned topic. I personally feel this topic very interesting as well as in direct connection with the well-being of countries and Balochistan economic condition. These projects are capable of reshaping the infrastructural, economical and societal conditions of the province Balochistan. Chinese

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government and companies are fully involved with the provincial and central authorities to make the committed projects in the province as timely and effective.

The paper is dealing with projects initiated in the province, the fund allocated for these projects, the work completed on these projects, the current status of these projects and the impacts of all these projects on the life and mind of people of the province.

1.2: Balochistan:

The south-west province of the country with 44% of the total area, Balochistan (Baloch, 2008). The region is having indigenous populous passes through stone and bronze ages however Baloch people themselves didn't enter until the 14th century. The Baloch and Pashtun are the two main and major ethnic groups holding the distinct status in the province (Britannica, 2021). The province got current status of separate unit since 1970. The province is of high importance owing to its location, minerals and deep sea port Gwadar.

Balochistan has seen numerous dynamic changes throughout these times. Which is why very tough to understand and critical to explain the importance for the powers around and far from its location. The region has a history of insurgencious activities and lift-right political spectrum. The nationalist struggle was ignited for the first time in 1666 by Mir Ahmad Khan of Kalat (Saddiqi, 2012) while till today it existed in the form of rights to resources, right to life etc.

1.3: Gwadar

Gwadar is the coastal city on the southwestern Balochistan positioned on the shore of Arabian Sea. Hitherto Oman have control over the city from 1783 to 1958 for almost 200 year, whereas Ayub Khan repurchased the city from Oman for US\$ 3 million on 8th September 1958 and city officially became part of Pakistan on 8th December 1958 (Serim, 2017).

The purpose of the study is to analysis of the CPEC projects in Balochistan, the ongoing developments on the said projects and to analysis the social impacts of the projects on the populous of the province. We would investigate the situation before and after the initiation of all those projects belongs to the province under the umbrella of CPEC.

1.4: China–Pakistan Economic Corridor

CPEC a pool of groundwork projects, which are under construction since 2013 all over Pakistan.

In April 2015, Chines President Xi Jinping visited Pakistan and in his state visit, he wrote in an open editorial stating: "This will be my first trip to Pakistan, but I feel as if I am going to

visit the home of my own brother." On 20 April 2015, Pakistan and China signed an agreement to commence work on the US\$ 46 billion agreement (Stevens, 2015).

In the commencement the CPEC was valued US\$ 47 Billion, whereas the value of these projects commuted with CPEC have been increased by the worth of 62 Billion US\$ as by 2020 (Lal, 2020). It became operational with the first ever Chinese cargo which was overlanded to Gwadar Port for consignment to West Asia and Africa in 2016 (Ramachandar, 2016).

1.5: Background:

Chinese government is interested in Pakistan's deep-water harbor situated at Gwadar, which had been relit by China in 2002 with the initiation of construction work at the port and completion of phase one in 2006. Whoever in 2013, the then Pakistani President Asif Ali Zardari and Chinese Premier Li Keqiang decided to further enhance mutual connectivity. Among two governments a memorandum of understanding on co-operation and long term action plan for the development of infrastructure with the title of China Pakistan Economic Corridor (CPEC) was finalized and inked by the then Xu Shao Shi and Shahid Amjad Choudhry (Mateen, 2017).

Projects:

We are considering different projects initiated under the umbrella of CPEC in Balochistan. These projects can be segregated like energy sector, transit sector, infrastructure development sector, social sector projects and special economic zone projects.

2.1: Energy Sector projects:

- ✤ 132KV grid station in Bostan
- HUBCO Project, Hub Balochistan

2.2: Infrastructure Sector:

- ✤ N-50 D I Khan Zhob road Upgradation
- ♦ Nok Kundi-Mashkel Panjgur connecting road project (N-85 and M-8)
- N-30 Khuzdar-Basima Road
- ✤ N85 highway
- PAT feeder to Quetta water supply
- Quetta water supply project
- Establishment of Five new berths at Gwadar Port

2.3: Transit sector:

- ✤ Quetta Mass Transit Train project
- Construction of Eastbay Expressway
- 2.4: Projects for social development:
 - Masses to Masses connectivity and exchanges
 - * Knowledge exchange programs in different sectors
 - Exchange of Exports in education through Business Schools Consortium

2.5: Special Zones:

- Industrial Zone Khuzdar
- ✤ The establishment of Bao steel park Gwadar
- Photon automobile plant establishment in Gwadar
- Establishment of Stainless Steel factory Gwadar

2.6: Gwadar based projects:

- Gwadar East-Bay Expressway
- New Gwadar International Airport
- Construction of Breakwaters
- Dredging of berthing areas and channels
- Development of Free Zone
- Pak-China Friendship Hospital
- Pak-China Technical and Vocational Institute at Gwadar
- Gwadar Smart Port City Master Plan

2.7: Proposed CPEC projects:

Bostan Industrial Zone is only proposed projects in Balochistan under CPEC, notified on the 4th March 2020 as SEZ (Pakistan Economic Corridor (CPEC), 2021).

Analysis on diverse CPEC projects:

The paper tried to make analysis on following criterion of different projects in the area for better understanding and analyzation.

- ✤ Area
- ✤ Cost
- Fully CPEC project or partially
- Progress

Impacts

This has been done for every sector and project individually in tabular form which would help us to summarize more information and tranquil understandings.

3.1: Energy Sector:

One of the biggest problems of the country is energy crises, 27% of the populace live deprived of electricity in the country. The difference between the supply and demand of power in the country is approximately 5GW (Energy Access Outlook, 2017). National Electric Power Regulatory Authority (NEPRA), claims in its annual Report that nearly 20% of villages are not linked to national grid. During winter 920kg wood whereas in summer 560kg wood on average is consumed by a household in Balochistan. Provincial current power demand is 1,750MW however 400MW to 600MW is being supplied (Pakistan Energy Situation, 2018). Power consumption demand is increasing swiftly by an average of 17% on annual basis. To meet this incremental demand of electricity, the provincial government has not achieved much success by hunting the Balochistan Power Generation Policy 2007 (Siddiqui, 2016). Following project under the CPEC is a fresh wave of hope for meeting the energy needs of province.

Sr no	Project	Cost	Area	Funding
1	132KV Grid Station	It comes out	Bostan	Now it is in
		from the CPEC		PSDP
		project		

Progress:

Hopefully, energy crises of the province discussed earlier, would sort out with the completion of these projects. This project will provide job opportunities to the locals and as well as to the specialists of the country.

Sr no	Project	Cost	Area	Funding
2	HUBCO Coal Power	1912.2 Million	Hub	Partially
	Project.			

Progress:

The power purchased agreement was signed on 25th January 2017, while on 21st march 2017 ground breaking ceremony was held. This project became operational on 14th august 2019. The project is partially operational as the generating capacity of the project is 1320 MW but now a day almost 200 MW energy is producing (Joint Venture China Pakistan International Holding (CPIH), 2021).

Sr no	Project	Cost	Area	Funding
3	Imported coal based power project of 300MW	542.32 Million	Gwadar	Partially

Progress:

The project LOI allotted on 26th May 2017 and site is also wrap up by the China Communication Construction Company (CCCC). Land lease agreement is signed by the provincial Government and NOC has been issued by the Government Environment Protection Agency on the 07th July 2018, while ground breaking ceremony held on 4th November 2019.

The total capacity of the project for energy generation is 300MW. As the project is not fully CPEC funded, the province have their part to play for the completion so it is considering as a higher capacity project in the field of job creation and circulation of wealth.

3.2: Infrastructure Projects:

Balochistan is the least developed area of the country in every aspect mainly in infrastructure. The neglected province is provided with the least number of projects for the development in the PSDP of center for the provincial infrastructural development. However CPEC is focusing on the projects through which infrastructure of province can be developed.

Sr no	Project	Cost	Area	Funding
	D-I- Khan – Zhob N-50 road Upgradation	76 Billion	Zhob	Partially

Progress:

Bi-provincial project Khyber Pakhtunkhwa and Balochistan creating opportunities for their people. The total length of the road project is 210 km. PC-1 has been approved on 12th of April in 2017 by ECNEC, while land procurement is under way.

Improvement and upgradation from two lane to four lane and then to six lane is the key focus of the project. As we know roads are way to progress thus we hope this project will enhanced the life of the dwellers all around.

Sr no	Project	Cost	Area	Funding
2	M-8 and N-85 Nok	25 Billion	Panjgur	Fully
	Kundi-Mashkel-Panjgur			
	connecting road			

Progress:

Studies and consultations are initiated and this project is referred to concerned JWGs (Joint working groups) for their consideration.

The connection to the M-8 and N-85 will enable locals to make free and easy move to the markets for the businesses and other purposes. Connecting road will develop the overall infrastructural growth in the area.

Sr no	Project	Cost	Area	Funding
3	N-30 (110km) Khuzdar-	19.19 Billion	Khuzdar	Through PSDP
	Basima Road			

Progress:

This project was initially of 110 km road construction project between Khuzdar and Basima under umbrella of CPEC however latter on, project was shifted to PSDP. Feasibility report and PC-1 is completed and PC-1 is also approved on 12-04-2017 by ECNEC. The work has shown progress.

The work is under progress providing job opportunities to the people of the area.

3.3: Transit Sector:

If we compare the total population from 2017 to 2020, 11.3 % the increment is being recorded. The provincial capital is facing traffic jam issues on daily basses, as there is no proper transit communication in capital. Following is the project capable of solving this issue at large in the capital (Quetta, Pakistan Metro Area Population 2021, 2021).

One of the main reason of traffic issues in the capital is the abundance of Rikshaws, this is because there is no proper transit communication center in the area (Hassan, 2009). Besides that poor infrastructure and meager management bring a never ending traffic jam in the city (Hassani, 2016).

Sr no	Project	Cost	Area	Funding
2	Quetta Mass Transit train project	192 Million	Quetta	Probably fully funded

Progress:

This project will surely reduce the traffic increasing trend in the capital of the province. JCC (joint corporation committee) contracted for annexation of mass transit rail based system at the provincial headquarter. JWG has been requested to complete the essentials while the feasibility is underway to complete. The Quetta Mass Transit cost is \$912m much greater as compare to the whole developmental budget of the province (Husain, 2019). Land acquisition, resettlement, Displacement, custom duties and income tax costs are not included in the figure, still waiting for the initial work to begin.

Sr no	Project	Cost	Area	Funding
1	Construction of East- Bay Express way	168 Million	Gwadar	Fully

Progress:

The project of Construction of East-Bay Express way cost was approved by ECNEC on January 2015, construction agreement was signatured among CCCC and GPA in September 2017, while the project has been initiated on the 22^{nd} of Nov 2017 by the then PM. The construction work is in progress.

3.4: Social Development Projects:

To enhance and developed the relationship between the two countries to next level it was important to connect people to people through following initiatives.

- Masses to Masses connectivity and exchanges
- * Knowledge exchange programs in different sectors
- Exchange of Exports in education through Business Schools Consortium

Progress:

Through these initiatives of cultural exchanges of two nations will be enhanced, the reliability and trust level will developed. People to people connection is very important for businesses and trade sector too. As we know, China is one of leading goods exporting countries and need new ventures and markets for the exports of their goods. Pakistan can be a potential market for chines traders.

3.6: Gwadar Based Projects:

Gwadar Port is a link and important part of the ONE BELT ONE ROAD venture of China. The port is 533km from Karachi and about 120km from Iran Border, while the port is adjacent to significant shipping routes to and from Persian Gulf (Gwadar Port, 2020).

Recently the port is under construction with the Chinese authorities and construction companies, many projects have been completed while upon many construction work is on its peak. Here we will collectively analyze almost all the projects which are constructed, under construction and proposed ones in details.

Sr no	Project	Cost	Area	Funding
1	Gwadar East-Bay	168 Million	Gwadar	Partially
	Expressway			

Progress:

Agreement has been signatured among CCCC and GPA in September 2017 while ground breaking ceremony was held in November of the same year.

The construction of Eastbay expressway is the main vein of Gwadar port providing the entire traffic of the port will flow through. It main drive is to provide connections to the port and zone along the road with the network of different highways of national level.

Sr no	Project	Cost	Area	Funding
2	New Gwadar	230 Million	Gwadar	Fully
	International Airport			

Progress:

This project is about 26km east of the Gwadar City, responsibility of the project is taken by the Aviation Division. Design and work plan has been approved, while on May 2017 grant agreement has also been signed. Ground breaking ceremony was on 29th March 2019 and in period of 5 month of construction work stated with the maximum capacity.

Construction of Airport, along with allied facilities for airport will enhanced the capability of handling many Boeings and Aircrafts for international as well as domestic level. Will surely change and developed the life style of the people of Gwadar specifically and Balochistan particularly.

Sr no	Project	Cost	Area	Funding
3	Construction of the Breakwater	123 Million	Gwadar	Fully

Progress:

Chines has delivered Draft of business plan, while MoP&S and GPA review is still under process. Further-more construction of additional terminals and port infrastructure is also part of the proposal need to be finalize.

This project is under concession agreement, however construction of breakwater and dredging works are the responsibility of Gwadar Port Authority.

Sr no	Project	Cost	Area	Funding
4	Dredging of berthing	27 Million	Gwadar	Concessional
-	Dredging of berdning	27 141111011	Owadai	Concessional
	areas and channels			Loan

Progress:

Chines has already delivered their Draft business plan, which is under view by the GPA and MoP&S. Draft MoU for commercial feasibility and joint technicality has also been organized and send to the concerned Ministries. While the supervision matter is with the ministry of Port and Shipping government of Pakistan.

By its operators it is being insured to construct some additional terminals at Gwadar port for the smooth shipments to and from the berthing. The said project is proposed for the carrying of capitals and maintenance of dredging on the port.

Sr no	Project	Cost	Area	Funding
5	Development of free zone	32 Million	Gwadar	Fully

Progress:

This project is exempted from the tax and declared as free zone in the finance bill of 2016. Ground breaking has been done by the PM. There will be 100% private investment in the free zone under the super vision of the China Overseas Port Holding Company Limited. First phase completed and inaugurated in 2018 while the response from the investors was significant as first in January 2018 Gwadar expo was held (BRI Factsheet Series- Infrastructure, 2021). Following are the areas allocated to the free zone and export processing zones. Lands acquisition has been made initially:

- ✤ Gwadar 2280 acres free zone
- ✤ GIEDA (Gwadar Industrial Estate Development Authority) zone, 3000 acres
- EPZA (Export Processing Zones Authority Office) 1000 acres

Infrastructure is required to be developed for these industrial zones in the following criteria

- ✤ Access roads
- Internal roads
- ✤ Water, Gas, Power
- Custom facilities
- Fencing
- ✤ Security
- Some warehouses
- ✤ Office and other allied infrastructure

Which will provide numerous job opportunities in the area for the common public as well as the specialists.

Sr no	Project	Cost	Area	Funding
6	Pak-China friendship	100 Million	Gwadar	Fully
	Hospital			

Progress:

Feasibility report has been completed by the Chines to move the current 50 bed hospital to the 100 beds and to 300 beds subsequently. On 29th March 2019 implementation minutes were signed and on 16 December 2019 ground breaking ceremony was held.

The hospital is planned on 68 acers of land while one out of six blocks and 20% residential blocks are completed.

Sr no	Project	Cost	Area	Funding
7	Pak-China Vocational and Technical Institute	10 Million	Gwadar	Fully

Progress:

China International Engineering carried out the feasibility in January 2017, while the minutes were signed with the Chines on August 2017. Different MOUs were signed in 2018 and 2019, the ground breaking ceremony was held on 16th December 2019.

The project is proposed to enhanced the skills of active population of the Gwadar and bring human development to the area in the participation of the development of the region.

Sr no	Project	Cost	Area	Funding
8	Master Plan of Gwadar	4 Million	Gwadar	Fully
	Smart Port City			

Progress:

The MoU of the project was signed in Nov 2015 while LOE (level of effort) was signed in August of the same year. Chines Fourth Harbor Designed Institute got nomination for smart city project. The deal of the project was signed in May 2017 while other credentials have been accomplished and ratified in JCC 9th meeting held in Nov 2019.

3.7: Proposed Projects:

Special Economic Zones are proposed in the districts of Khuzdar and Qilla Saifullah in the area of Bostan, these SEZs would provide base for more industries in the province (Rahman, 2019). The SEZ initiation has been stuck due to the recessions of Covid and current economical barriers of the country.

Sr no	Project	Cost	Area	Funding
1	Bostan Industrial Zone	Not yet	Bostan	Fully
		allocated		

Progress:

SEZ Bostan was advised in Board of Approval 5th summit held in Islamabad. This project is showing much slow progress in paper work (Balochistan government is setting new special economic zones in Khuzdar and Qila Saifullah, 2017).

Sr no	Project	Cost	Area	Funding
2	Industrial Zone of Khuzdar	Not yet allocated	Khuzdar	Fully

Progress:

The area of Khuzdar is basically the core of insurgencies and separatist movements of the Baloch Separatists. The government is trying to develop the area by providing opportunities to the Youth and engage them in positive and nation building activities (CPEC Projects, 2021). This project is showing much slow progress in paper work.

While talking about the Impacts of the mentioned project is vast on the people of the area. The availability of different means of connectivity make this zone feasible for business activities and ensure the mobility of labor force to start operations. The zone is situated at a distance of

- ✤ 23 KM from Quetta Airport
- ✤ 713 KM from Karachi seaport
- ✤ 976 KM Gwadar Port
- ✤ 32 KM from Quetta dry port
- located near national highway N-50 which will connect the zone to other regions of Pakistan

Federal Government has proposed to include Bostan Special Economic Zone in prioritized SEZs. However, the plan of action, funding requirements and other modalities are yet to be finalized from authorities.

Following sectors are proposed to be the part of Bostan Industrial Zone Balochistan:

- Fruit Processing
- ✤ Agriculture machinery
- Pharmaceutical
- Motor Bikes Assembly
- Chromite
- ✤ Cooking Oil
- Ceramic industries
- ✤ Ice and Cold storage
- ✤ Electric Appliance
- Halal Food Industry

Sr no	Project	Cost	Area	Fully or Partially
				CPEC project
2	Industrial Zone of	Not yet	Khuzdar	Fully
	Khuzdar	allocated		

Progress and Impacts:

The area of Khuzdar is basically the core of insurgencies and separatist movements of the Baloch Separatists. The government is trying to develop the area by providing opportunities to the Youth and engage them in positive and nation building activities. The projects will provide the feelings of security to the locals which could be a counter tactic for government to be a barrier in between the locals and freedom fighters.

Progress on CPEC Projects:

When we see the figures and provincial government states, showing that the province has received an infinitesimal segment of the total venture dedicated under the corridor's bouquet of the projects. Even the committed projects seen no quantifiable improvement over the past

three to four years. There are numerous factors contributing to this dawdling and lethargic advancement on all these provincial projects.

- Covid-19 recessions in the country and world wide
- Country's wide spread flood and disasters
- Political and Governmental issues
- Economic condition of the country

Not only that, two major CPEC parasol projects, Quetta Transit Mass and PAT feeder to Quetta water supply are going out of CPEC and is to be financed by provincial government's own resources (Uddin, 2019). Conversely, provincial government is not in a possible position to finance and allocate funds for the said projects.

One of the most important western alignment road crucial for root to Gwadar has been completed and inaugurated for the public use. N-85 running from Gwadar-Punjgur and Quetta also shown on the CPEC website being part of western alignment, is upgraded and opened for the daily use of people of province (Amir, 2020).

Suggestions and Remedial Measurements:

Pakistan and China the signatory of CPEC projects across the country. This makes the pack a national level project impacting the lives of every citizen across the country. We also know that Balochistan is the poorest among all other units in infrastructure, thus this is a good opportunity for the central and provincial governments to focus on the timely completion of all these projects. Which will indeed elevate poverty, develop infrastructure, and create an environment of confidence in the neglected areas of the province.

The barriers against the timely completion of all these projects should be removed with the consent of locals. Positive engagement of masses and creating a space for the locals in the form of jobs, opportunities and other liabilities will boast up the confident of masses of area, which will impact the progress level and command of provincial government on these projects.

The security related issues are the biggest hurdle for the proper implementation of concerned policies on the grass-root level. Again, it is important to engage the locals and take their suggestions and work on them to find out a central approach. Through these techniques institutions can get the confident of all people seems ignorant to these projects.

Balochistan can't be ignored as the project is based on Gwadar deep seaport. Thus, the central as well as the provincial government with the consent of Chines should have a consensus on the appropriate and impartial utilization and exploitation of all these projects comes under the umbrella of CPEC.

Conclusion:

There is no dough CPEC is the most important and significant project of its own type. Project is creating and providing thousands of jobs to the locals like labors, engineers and professionals, intended to upgrade infrastructure and reinforce Pakistan's economy by the erection of modern transportation net, several special economic zones and energy projects in diverse part of the country. China Pakistan Economic Corridor will help in Regional Connectivity, Diverse Investment openings, Industrial Collaborations, Financial Cooperations, Agricultural Co-operations, Socio-Economic Development, Tourism including coastal Tourism, Educational linkages, Human resource development projects, People to people contacts, increase in occupational opportunities and Improve Security and stability of the region. It will improve livelihood of the peoples. Nonetheless, the need of time is to manage these projects effectively which will help in the development of the country.

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