

THE ECONOMICS AND POLITICS OF CHINA-PAKISTAN ECONOMIC CORRIDOR AND BALOCHISTAN

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Abstract

As part of the enormous new Silk Route project or the One Belt One Road initiative, the governments of Pakistan and China developed a proposal in the mid-2000s to create an economic corridor from Kashgar, Xinjiang, in China to Gwadar, Balochistan, in Pakistan with an aim to promote national, bilateral, and international economic integration. Essentially driven to improve regional and global trade networks, the resulting China-Pakistan Economic Corridor (CPEC) was formally launched in 2013 with the initially planned portfolio of infrastructure, energy, and economic projects worth around \$64 billion. Amidst an optimism in Pakistan of CPEC having a transformational effect on the economy, there is an extensive public debate in Pakistan about the potential impact of CPEC on the already troubled economic and political relations between and within the provinces of Pakistan. This debate is further intensified by the continued representation of CPEC by the country's political leadership as an overarching programme of economic cooperation, not just a 'game-changer' but a 'fate-changer', with the potential to address virtually all key longstanding developmental challenges of the country. The principal components of CPEC are Gwadar deep-sea port, Gwadar-Kashgar road and rail infrastructure—that passes through the width and breadth of Balochistan—and establishment of Special Economic Zones (SEZs). It is, therefore, important to analyse the implications of CPEC-related

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developments on the politics and economics of Balochistan. The SEZs are aiming to boost industrial growth and spur trade in the country and numerous SEZs are planned for Balochistan. The rationale behind these SEZs in Balochistan and elsewhere is to initiate a process of industrialisation. This paper will present how SEZs can potentially affect the economy of Balochistan. While politically Balochistan has been a troubled province with a long history of the estranged relationship with the federation, a relevant point worth investigating is whether CPEC will be a harbinger of a greater economic change (or otherwise) in the province and improve (or further deteriorate) the already tense political situation of Balochistan. The paper offers a contribution in analysing how CPEC can be instrumental in changing the political and economic landscape of Balochistan and how the economic activity proposed under CPEC within the highly volatile political landscape bring any meaningful change to the province.

Keywords: CPEC, Political implications, Economic Implication, SEZs, Balochistan, Gwadar, OBOR.

چین پاکستان اقتصادی راہداری کی سیاسیات و اقتصادیات اور بلوچستان منظور احمد

خلاصہ:-

چین اور پاکستان کی حکومتوں نے ۲۰۰۰ء میں تجویز کیا کہ نئی شاہراہ ریشم یا اون روڈون بیلٹ منصوبے کے ایک حصے کے طور پر کاشغر اور گوادر کے درمیان ایک اقتصادی راہداری پر کام کا آغاز کیا جائے تاکہ دو طرفہ اور بین الاقوامی اقتصادی تعاون کو فروغ دیا جائے۔ بنیادی طور پر علاقائی اور بین الاقوامی تجارتی تعلقات کو وسعت دینے کے پیش نظر ۶۴ ارب ڈالر کے توانائی اور اقتصادی منصوبوں کے ساتھ ۲۰۱۳ء میں چین پاکستان اقتصادی راہداری یعنی سی پیک منصوبے کا آغاز کیا گیا۔ پاکستان میں سی پیک سے واسطہ امیدوں کی وجہ سے یہ باور کیا جاتا ہے کہ سی پیک کی بدولت معیشت پر دور رس اثرات مرتب ہونگے اور صوبوں کے آپس میں زبوں حال معاشی اور سیاسی تعلقات پر بھی خاطر خواہ اثرات ہونگے۔ اس بحث میں اس وجہ سے بھی تیزی آ رہی ہے کہ ملک کی اعلیٰ سطح کی سیاسی قیادت مسلسل اس منصوبے کو اقتصادی تعاون کا ضامن بلکہ ایک ایسا ایگم چیجر اور تقدیر بدلنے والا منصوبہ قرار دے رہی ہے جو کہ ملکی معیشت کی ترقی میں حائل دیرپا رکاوٹوں کو ہمیشہ کے لیے ختم کرنے کی صلاحیت رکھتا ہے۔ سی پیک کے بنیادی اجزاء میں گوادر کی گہرے سمندر کی بندرگاہ، بلوچستان کے طول و عرض سے گزرنے والے گوادر سے کاشغر تک سڑک اور ریل کا نظام، اور خصوصی اقتصادی زونز کا قیام شامل ہیں۔ اس لیے سی پیک کے بلوچستان کی سیاسی اور معاشی صورتحال پر اثرات کا تجزیہ کرنا بہت اہم ہے۔ خصوصی اقتصادی زونز (SEZs) کا مقصد ملک میں صنعتی ترقی کو تیز کرنا اور تجارت کو فروغ دینا ہے۔ اسی لیے بلوچستان میں ایسے کئی اقتصادی زونز تجویز کیے گئے ہیں۔ ان اقتصادی زونز کی پس پشت کار فرما سوچ صنعت کاری

کے عمل کو جاری کرنا ہے۔ اس مضمون میں خصوصی اقتصادی زونز کے بلوچستان کی معیشت پر اثرات کا جائزہ لیا گیا ہے۔ اگرچہ بلوچستان سیاسی لحاظ سے ایسا صوبہ ہے جس کے وفاق کے ساتھ مسائل کی تاریخ بہت طویل ہے، ایک بنیادی سوال یہ بھی اٹھتا ہے کہ آیا سی پیک ایک عظیم تر اقتصادی تبدیلی کا مظہر ہوگا اور اس کے ذریعے بلوچستان کی کشیدہ سیاست میں مثبت تبدیلی رونما ہوگی یا پھر حالات مزید خراب ہو جائیں گے۔ یہ تحریر سی پیک کے بلوچستان کے سیاسی اور اقتصادی منظر نامے میں مثبت تبدیلی لانے میں معاونت اور اس کی بدولت اقتصادی سرگرمیوں میں فروغ کا صوبے کے غیر مستحکم منظر نامے میں معنی خیز تبدیلیوں کا تجزیہ کرتی ہے۔

Introduction

While much has been written on CPEC and its potential impacts on Pakistan's economy,¹ there is a paucity of debate about the prospects of CPEC on the already troubled economic and political relations between and within the provinces of Pakistan. This debate is relevant given the continued representation of CPEC by both Pakistan's political leadership and its military as an overarching programme of economic and political cooperation, not just a 'game-changer' but a 'fate-changer', with enduring impact on economic growth, infrastructure development, poverty reduction, and social development.² Claims and rhetoric aside, at this stage it is difficult to make a rigorous appraisal of the economic success (or otherwise) of CPEC. Neo-classical economic theories are not well-suited to explain CPEC's transformational impact. Instead, it is more plausible to discuss the disaggregated and regional impact of CPEC through a methodological framework that explains the economic and social shifts at the margins and peripheries (including Balochistan) of Pakistan. This study attempts to situate the CPEC initiatives and assesses their economic, political, and social implications. Admittedly, it is not easy to assess the long-term outcomes of CPEC-related activities in the province (about which information remains scarce), as they are contingent on a host of factors including the political instability in the region, not-so-conducive bilateral relationships with various countries, and global, regional and national economic conditions, to say the least.

Arguably CPEC has constructed a new framework of collaboration, economic interaction and integration, and cooperation between China and Pakistan, which is said to have far-reaching geo-economic and political implications, perhaps, for the entire region. Both China and Pakistan are expected to obtain enormous social and economic gains from trade and commerce, as well as connectivity through roads, railways, and sea-lanes with the neighbouring regions

including the Middle East and Europe.³ Based on the publicly available information, CPEC projects can broadly be classified into three categories: building and improving transport infrastructure including road and rail networks, developing energy infrastructure, and creation of special economic zones. CPEC is in line with Pakistan's prioritisation of physical infrastructure, as there exists good evidence of poor infrastructure in the country compared to its peer countries and has, therefore, become a huge constraint on economic growth.⁴ Given the energy shortages and roads and rails deficiencies, \$64 billion CPEC investment go 71% to energy, 21% to roads and rails development, and 4% to Gwadar port.⁵ Whereas the magnitude of these projects is big enough to usher in a transformational change in the economic landscape of Pakistan, how and to what extent they improve (or worsen) the economic and social margins is an issue worth examining. The economic dividend is not evenly distributed. Regions like Balochistan are lagging far behind in all socioeconomic indicators. A critical advantage (or otherwise) of CPEC could be of reducing regional inequality in Pakistan. The paper argues that looking at these projects through a geographic lens can help us explore the distributive potential of CPEC—the extent to which it can uplift the socio-economically least-developed regions of the country and the ones where the largest populations of the poor live. The paper will make a case in arguing that unless CPEC connects to the communities at the grassroots level, it will not benefit the people of Balochistan.

With an analytical approach, the paper deals with the following questions. What will be the prospective political and economic implications of CPEC on Balochistan? Will CPEC help to develop the underdeveloped economy of Balochistan and, therefore, change its economic landscape? Will it just be a corridor that merely passes through the province without any tangible economic impacts? What political implications does CPEC have on Balochistan: Will it cause further deterioration of its already volatile security situation

(given the politics of CPEC in Balochistan), or will it help to resolve the Baloch question and bring normalcy to the province by mainstreaming its politics and economics?

The rest of the paper is organised as follows: Section two introduces CPEC and section three explains the problems of Balochistan at length. Section four discusses CPEC in relation to Balochistan. Section five examines the opportunities and challenges of CPEC to Balochistan. Section six analyses the prospects of CPEC for Balochistan, whereas the politics of CPEC is discussed in section seven. Section eight investigates the Baloch question in light of CPEC, while section nine concludes the discussion.

China-Pakistan Economic Corridor

There is a long and established history of political and economic links between Pakistan and China, which goes back to 1963 when the two countries signed their first long-term agreement for trade and commerce.⁶ The economic relations were further consolidated in November 2006 when China and Pakistan signed the first long-term agreement for trade.⁷ Trade between the two countries consequently has increased from \$4 billion in 2007 to \$9.2 billion in 2013.⁸ The political relationship and trade agreements have been complemented by renewed multi-billion dollars projects under China Pakistan Economic Corridor (CPEC). CPEC is an important part of the One Belt One Road (OBOR) initiative of China.⁹ OBOR is a huge infrastructure project extending from the Baltic region in Europe to Southeast Asia and from China to Africa. OBOR involves more than 60 countries and CPEC is an important part of OBOR.¹⁰ CPEC, in this context, offers an immense strategic advantage to China as it gains physical access to the Indian Ocean and closer proximity to the Middle Eastern oil resources. Other OBOR projects around the world do not offer such advantages to China as CPEC does. It manifests the dynamics of geopolitics by pursuing an interaction for economic,

energy, trade, and commerce development between China and Pakistan, and geostrategic policies for China. CPEC can also provide an opportunity for Pakistan to improve economic and geostrategic relations with its neighbouring countries. It will equally contribute to the economic development of countries that may potentially become an active part of CPEC. However, in order to reap the full benefits of CPEC, Pakistan needs to normalise its relations and pursue a politics of interdependence and positive connectivity with the neighbouring countries and close economic ties with far-away economies. This can provide a significant boost to Pakistan's economy, in general, and Balochistan province, in particular, as the connectivity to the majority of to-be-partner countries passes through Balochistan. With this, the regions adjacent to the corridor will witness a substantial socio-economic development. It will offer a prospect to Pakistan to address some of her key issues, i.e., poor physical infrastructure and connectivity, energy bottlenecks, and limited or no attraction for foreign direct investment (FDI), which are great constraints on economic growth.¹¹

For China, likewise, CPEC has immense geopolitical importance and substantial economic advantage. It not only affords an opportunity to China to have a strategic and geo-economic presence in at Gwadar across the mouth of the Strait of Hormuz¹²—a place with enormous geostrategic significance—but also connects the Chinese western region to south-western Pakistan, the Middle East, and the rest of the world through rail networks, road, and sea routes.¹³ This will facilitate and spur regional and international trade with Xinjiang and other westerns regions of China and could bring a considerable improvement to the economy of this region. This will provide China with a sea route access to the relatively underdeveloped western part and, therefore, reduce its restricted and sole dependence on the Strait of Malacca to transport its international trade goods.¹⁴

The discussion on CPEC is not complete without bringing Gwadar into perspective, as the very concept of the corridor has grown after systematic consideration of geostrategic importance and immense economic significance of Gwadar and its deep-sea port. Gwadar port has already been built, where, expectedly, a range of economic activities will happen with necessary capacities, boosting the economy of Pakistan, in general, and Balochistan, in particular. Thus, conducting a concise study to assess the potential prospects and consequences of CPEC on the province and precisely on its political economy related development is imperative.

Balochistan's Problems

Balochistan's despite occupying a vast and resourceful territory has failed to keep the pace of socio-economic development and progress at par with other provinces of Pakistan. Historically, due to political disorganisation and economic backwardness, Balochistan could not obtain its due resource share from the federation. The issue of economic and social backwardness of Balochistan is a complex conundrum. A section of people in Balochistan believes that the centralist nature of Pakistani federation is such that small provinces like Balochistan would find it hard to accommodate within the federation. That is because the resource distribution and representation to both elected bodies and state institutions are based upon population and Balochistan with 6% of the country's total population is not proportionately represented within the federation as per its geographic size. Moreover, the geostrategic importance of Balochistan is very vital, which is hard to ignore while analysing the political economy of the province. Therefore, a section of the Baloch population argues that Pakistan is only interested in the geostrategic and economic potentials of the province. And the social and economic uplift of its people is not the priority of the state.¹⁵

Given the social structure of Balochistan, an appropriate question may arise that how well-entrenched the modern concept of

development would be in a society that coexists with the primitive tribal system. In Pakistan, no doubt, the actual political power always rests with the centrist forces and never devolved to the provincial elite, however, the latter enjoy economic autonomy, which they never invested in the people of Balochistan. This led to the dysfunctional political process essentially at the provincial level that further consolidated the existing stranglehold of 'local elites'.¹⁶ Nevertheless, even if power is given to the provincial leadership, the social structure in Balochistan with strong tribal hierarchy may hinder the socioeconomic and political development of the people of Balochistan. Unlike other provinces of Pakistan where a teeming middle class has emerged with assertive political and economic ambitions, the societal structure in Balochistan is sharply divided between a tiny but extremely powerful class of tribal chieftains and illegal business tycoons. The remaining is constituted by a lower class and a small group of public sector employees.¹⁷ The vibrant middle class is altogether missing in Balochistan that can have an assertive politics to further its social and economic interests. The unfavourable social and economic system of the province that entrusts the local elites and makes them all-powerful is equally responsible for impeding the process of development. In other words, it is the power nexus of the state of Pakistan and the local elites that manoeuvre the governance in the province in an exploitative way, which only upholds and nurtures their political and economic interest at the very cost of the common man.

The small population of Balochistan can be viewed as an asset, as with only 1.5 million families, it needs merely 1.5 million total jobs to employ its entire population, at the rate of one job per family.¹⁸ Given the vast mineral resource base, fisheries, and varied horticulture and agriculture, it is highly feasible to make Balochistan free of unemployment within a decade, which ultimately would have a significant impact on reducing its rampant poverty and illiteracy.¹⁹

Balochistan, despite having an immense geostrategic significance, is one of the least known parts of South West Asia. If there has been any interest in this region, it has not been due to positive trends, like economic prosperity, social development, or free and fair political participation of the local population as part of a stable process of democratic consolidation. Instead, the region gets national and international attention because of the increasing level of human rights violations, underdevelopment, economic exploitation, and environmental degradation. Moreover, the region has come into the spotlight because of persistent armed insurgencies, which contributed heavily to the rise of ethnonationalism and violence, despite the strong presence of security apparatus.

The UNDP²⁰ reports that around 71% of people in Balochistan live in multidimensional poverty,²¹ whereas the same figure is much lower in other provinces of Pakistan.²² The province also lags behind other provinces in other social development indicators, including enrolment rate, basic healthcare, and access to water and sanitation facilities.²³ In May 2017, it was reported that the literacy rate shrank in Balochistan. It has fallen to 41% in 2016 compared to 44% a year earlier.²⁴ Balochistan's poor performance in education is not a function of poverty, but systematic negligence by successive federal and provincial governments. There are many regions in the world that are poorer than Balochistan on per capita GDP basis, but many of them send more children to primary school than Balochistan does. The province is predominately a rural population, where, in contrast to other provinces' 75%, only 25% of villages are connected to the power grid, whereas unemployment is also staggeringly high.²⁵ The share of the province in the national GDP has been declining over the last two decades.²⁶ The province performs far worse than the national average of Pakistan.²⁷ For instance, the per capita GDP in Balochistan in 2014-15 was Rs 31,000, while for the same fiscal year the per capita GDP in Punjab, Sindh, and Khyber Pakhtunkhwa (KP) was Rs 54,672, 69,417

and Rs 53,000 respectively.²⁸ The labour productivity in Balochistan is lower than in other provinces of Pakistan. Hence, the poor living standard in Balochistan to a large extent is a reflection of unemployment and low productivity. An average worker in Balochistan produces one-third less than the average worker of Sindh province, and the same average worker is around 25% less productive than an average worker in KP and Punjab.²⁹ This suggests that a worker in Balochistan (a shepherd, a fisherman, a farmer, a daily wage labourer) produces goods and services equal to \$1 or 120 Rupees per hour.³⁰ Although in per capita terms Balochistan historically did not lag far behind KPK and Punjab—because of its sparse population and vast resource base—the change in per capita GDP in Balochistan is far lower than other provinces.

There are many reasons why Balochistan lags so far behind the rest of the country, as is evident from its economic, social, and political indicators. Illiteracy is high because the provision of public education is limited, with understaffed and dysfunctional schools. Poverty is rampant, as very limited employment opportunities exist because of the dearth of physical and economic infrastructure for investment and growth.³¹ Unemployment is very high. Successive governments have failed to build the physical and economic infrastructure necessary for economic development that can create employment opportunities. It is estimated that out of only 8% of the total graduate in Balochistan every year can secure suitable jobs.³² The national unemployment rate is 5%, while the youth unemployment rate is 8%.³³ However, in Balochistan, youth unemployment is around 26%.³⁴

Currently, the public sector is a major employer. Traditional sectors like mining and small farming cannot absorb the unemployed lot, and successive federal and provincial governments have miserably failed to initiate a vital industrialisation process that could generate enough employment. These details clearly illustrate that Balochistan faces multiple problems and challenges. However, the

underdevelopment and lack of progress in Balochistan are not due to the scarcity of resources. It is largely because of the non-inclusivity of policies, fragmented and elitist political and social structure, and sheer lack of interest of the local and national political class in the welfare of the people of Balochistan.

From the year 2000 to 2008, the per capita GDP in Balochistan has shown a marginal increment from Rs 31,086 to Rs 32,452, and declined to Rs 31,000 in 2015, as shown above, whereas during the same period Punjab's per capita GDP, for instance, has increased from Rs 40,537 to Rs 49,808.³⁵ Hence, it may be plausible to argue that the economic growth of Balochistan remained almost stagnant, while all other provinces could maintain a medium growth rate.³⁶ This situation, therefore, led to drift the province from the social and economic trends of the country. Since the mid-1970s, its share in the country's GDP has dropped from 4.9 to less than 3 per cent in 2000.³⁷ The province has the highest infant and maternal mortality rate, the highest poverty rate, and the lowest literacy rate in Pakistan.³⁸

The province requires robust and durable state infrastructure and sound institutions, which serve the interests of the people of Balochistan and contribute to building a unifying identity among the people. The absence of these institutions has led to a persistent deterioration of the social and political landscape of Balochistan.

Balochistan vis-à-vis CPEC

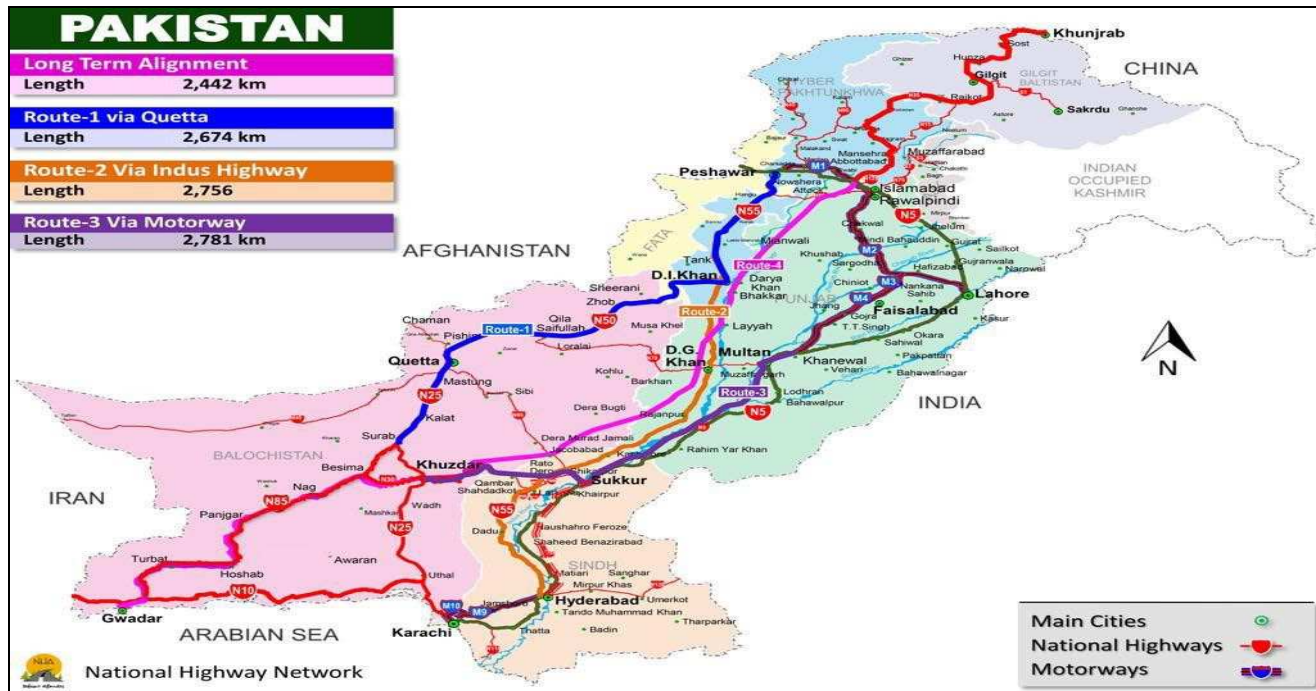
In the initial CPEC projects worth around \$62 billion, the share of Balochistan is not only insignificant but the negligible amount of projects destined for the province are also concentrated in Gwadar with little projected impact on the rest of the province. The total portfolio investment, which Balochistan has attracted, is not tangible enough to potentially bring any meaningful change to the social and economic landscape of the province.³⁹ The projects designed and being implemented in the early phase of CEPC include the \$600

million worth 300MW imported coal-based power project at Gwadar and the \$1,090 million worth 1320MW coal-fired power plant at Hub.⁴⁰ The province has so far attracted around \$980 investment including a Technical and Vocational Training Institute (\$10m⁴¹) and a hospital (\$100 million)⁴² at Gwadar. Other projects include new Gwadar International Airport (\$230m), Gwadar East-Bay Expressway (\$140m), Necessary Facilities of Fresh Water Treatment, Water Supply and Distribution (\$130m), Development of Free Zone (\$32m), Khuzdar-Basima Road (\$110m), etc.⁴³

This is despite the fact that not only is Gwadar the epicentre of CPEC connecting Kashgar region of China with the Arabian sea through different communication all networks⁴⁴ but three main transit routes, rail networks, and proposed pipeline projects⁴⁵ pass through the length and breadth of Balochistan. Yet the province is not proportionately reflected in CPEC projects. Map 1 highlights the vitality of Balochistan in all three routes and rail networks in relation to CPEC. If this is the case, a fair question to ask is whether CPEC is just a transit route that passes through the province without adding much economic substance to it.⁴⁶

As shown in Map 1, all three routes of the corridor that begin from Gwadar and pass through Balochistan virtually cover all regions of the province. For instance, while the Coastal Highway connects Gwadar to Karachi passing through Gwadar and District Lasbela in eastern Balochistan, the other three main highways join Gwadar to other parts of the country, connecting western, south-western, and midland regions of Balochistan to Sindh and KP provinces, respectively, and to the northern region of Balochistan through the western route.

Map 1. Highway Networks of CPEC



Source: Planning Commission of Pakistan, 2017

As highlighted by Kaiser Bangali, a renowned economist of Pakistan, in his much-acclaimed monograph, *A Cry for Justice*, the road and communication network in Balochistan is half the national average of 0.16 and 0.34, respectively. Having more than 44% of the total landmass of Pakistan, the development of communication network, connecting remote areas and peripheries with the national mainstream would ideally be the top priority of the country's National Highway Authority. Yet, there exists no such agenda to develop surface communication in the province, where except four single-tracked highways no major communication network exists.⁴⁷

As noted above the second largest investment component of CPEC is to develop and upgrade Pakistan's transportation network. Given Balochistan's dire needs of communication, a question worth raising in relation to CPEC's roads investment is whether (or not) they fulfil Balochistan's decades-long requirements of road and other related surface infrastructure.

Some of the leading critics, prominent among them some academics and political leader from Balochistan, are of the opinion that CPEC with its present design and even future vision leaves Balochistan out and will, thus, not bring any significant improvement to the economic and social landscape of the province. According to such an argument, even if Gwadar port is fully functional CPEC will remain a mere corridor and a transit route for the province where goods are transported to and from the port city to the upcountry and the western region of China. The key apprehension stems from the fact that in the initial CPEC plans and projects Balochistan's development vision is not reflected, which, therefore, generates concerns about any sustainable viability and efficacy of CPEC for the province. However, such a perception needs to be viewed with a pinch of salt.⁴⁸

It is imperative that the federal government must have a clear vision for and serious interest in the economic development of Balochistan in relation to CPEC. Otherwise, CPEC may end up being a

corridor without any meaningful economic significance for the province. Whereas communication network plays a vital role for economic growth and is, therefore, considered to be a prerequisite for development in academic literature, without complementary initiatives it may not be a harbinger of a sustainable and inclusive development process. In this regards, the 653 km Makran Coastal Highway completed in 2004 and stretching from Uthal, District Lasbela, to Gwadar and up to Iranian border is a classic case in point. In spite of connecting Gwadar District and a part of Lasbela District to Karachi, it has so far failed to bring any significant economic change to the southern region of Balochistan. The reason is that neither the federation nor the provincial government has come up with a solid and sustainable plan for the coastal development accompanying the Coastal Highway. Similar concerns surround CPEC, which, to many, lacks any distinct and viable economic package for Balochistan.

While it is arguably true that in the preliminary \$62 billion investments Balochistan received a negligible share, the underlying dynamics of CPEC with its inherent economic pursuits have the potential of translating and changing not only the society and economy of Balochistan but also its political landscape, which is imperative for any significant socioeconomic transformation in the province. In the following section, we discuss and analyse how such change can be viewed owing to CPEC development.

The Economic Opportunities and Challenges of CPEC

Balochistan is endowed with abundant resources with a manageable population, hence has a high resource to labour force ratio.⁴⁹ The province has the prospects for and capacity of creating thousands of jobs to bring the currently staggering unemployment to a “natural rate of unemployment.”⁵⁰

Economic and social development is a complex multidimensional process of induced structural change and for such

socioeconomic change, Balochistan crucially needs a clear strategy and vision with key priority areas for policy interventions. Nevertheless, to the least, such a vision is neither existent nor the successive provincial and federal governments have paid any serious attention to burgeoning developmental issues of the province. So, in order to develop, the province needs to have a clear 'development strategy' aiming to change the economic landscape, which owes to social transformation. Although with its current structure CPEC seems less predisposed towards contributing to the economic development of Balochistan, this paper attempts to identify some of the critical prospective areas in the province where CPEC can provide opportunities for development.

A viable industrial and trade development strategy is a prerequisite for economic growth and development, as it invariably has been an essential condition for economic development elsewhere. Yet, for robust industrialisation complemented by trade, the nature of the state needs to be 'developmental'.⁵¹ For a state (or a province for this purpose) to be developmental, the political class has a politically-driven aspiration to promote growth and the bureaucracy and other key institutions need to be efficient, autonomous, and free from political populism and rent-seeking.⁵² In reality, Balochistan neither is developmental nor its state institutions have the capacity to implement any development vision. The capacity of provincial institutions is manipulated and made subservient to the powerful lobbies and local elite. The provincial government lacks capacity in providing public services like water, power, and skills (prerequisites for industrial development) and to curb corruption among the state functionaries. Corruption in Balochistan, like elsewhere in Pakistan, is not merely about individual gains by government officials but also about patronage by the politicians to recycle the state resources to (re)gain and retain kinship groups and loyalties of communities.⁵³

It is vital that the Government of Pakistan in partnership with Balochistan designs a comprehensive policy including industrial development for the province on the account of CPEC, else CPEC remains a highway and a port at Gwadar to provide a shorter transport route to the western region of China and other provinces of Pakistan. Thus, if Balochistan development owes anything to CPEC, the latter has to be realised as an economic corridor instead of being a mere transit route.

Mega economic infrastructure projects anywhere in the world are explicitly designed to support economic growth and promote development. There is a strong body of academic literature with a sound theoretical framework in old-fashioned economics⁵⁴ to reinforce the importance of big intervention like CPEC to launch an underdeveloped region on a sustainable growth path.⁵⁵ Balochistan, given its multitude economic woes, needs to design and articulate a plan for policy interventions in order to stimulate industry, trade, and commerce, so that it can get the maximum gain from CPEC-related business opportunities.⁵⁶ The geography of Balochistan also gives it immense importance in relation to CPEC. The geography argument of economic theories⁵⁷ posits that geography of a country or a region is vital for economic growth and productivity. Economic analysis of CPEC's projects vis-à-vis Balochistan justifies the importance of geography as the most important for growth and development. Geographical endowments of Balochistan make it a great trade route, linking the deep-sea port of Gwadar with Xinjiang of China, Afghanistan, and the Central Asian Republics.

For Balochistan, CPEC, besides being a set of roads and highways, ought to provide a comprehensive package of development projects contributing to all sectors of the economy. We argue that the road and rail networks and infrastructure development in Balochistan can contribute to the economic development in many ways. It can create an enduring economic opportunity for Pakistan and for the

province and has the potential to transform the provincial economy to bring it at par with the national economy.

Special Economic Zones

A significant amount of hope is attached to CPEC in helping Pakistan to revive its ailing industry and spur trade. This has to happen through the establishment of several Special Economic Zones (SEZs) in many regions of the country. The Government of Pakistan has planned to establish 29 Industrial Parks and 21 Mineral Processing Zones in all four provinces under the CPEC umbrella.⁵⁸ The fundamental aim of Industrial Parks and SEZs is to reinvigorate and revamp industrialisation in Pakistan that could further be reinforced through CPEC-related communication network. Through these ambitious SEZs, which are yet to be assessed for their sustainability and feasibility, Pakistan plans to offer solid economic incentives in order to attract domestic and foreign investments and to improve governance and industrial productivity. It will help create jobs to employ its growing educated, semi-skilled, and unskilled workforce, which otherwise remains a massive social burden on the country. It would create an opportunity for linkage and trade, either through competition or complementarity of domestic firms with Chinese firms and expose local industries to external economies and a higher learning curve.⁵⁹

Table 1 shows the geographical distribution of SEZs across provinces. The official records of the Ministry of Planning and Reforms report 8 SEZs of various nature and scope to be established in different regions of Balochistan. While, much of the details of these proposed SEZs are yet to be made public, which makes it premature to conduct any systematic assessment of their social, economic, and developmental potentials, presuming that the SEZs are established as planned, we can make some assessment as to what extent they can have an impact on the provincial economy.

Table 1: CPEC Special Economic Zones (SEZs)

Balochistan Province	
1. Gawadar Industrial Estate	Mixed
2. Lasbela Industrial Estate	Manufactory
3. Turbat Industrial Estate	Oil Refinery
4. Dera Murad Jamali Industrial Estate	Feasibility study yet to be carried out
5. Winder Industrial and Trading Estate	Manufacturing
6. Mini Industrial Estate Khuzdar	Feasibility study yet to be carried out
7. Bostan Industrial Estate	Fruit Processing, Agriculture machinery, Pharmaceutical, Motor Bikes Assembly, Chromites, Cooking Oil, Ceramic industries, Ice and Cold storage, Electric Appliance Halal Food Industry
8. Industrial Zone Qilla Saifullah, Zhob and Lorali	Feasibility study yet to be carried out
Khyber Pakhtunkhwa Province	
Name of SEZs	Types of Industry/Details
1. Hattar Industrial Estate	Feasibility study yet to be carried out
1. Mansehra Marble and Granite Industrial Estate	
3. Nowshera Industrial Estate	Fruit; Food; Packaging; Textile Stitching/Knitting
3. Chitral Industrial Estate	Food Possessing
4. Ghazi Industrial Estate	Manufacturing
5. D. I. Khan Industrial Estate	Manufacturing
6. Bannu Industrial Estate	Food processing/Manufacturing
7. Karak Oil Refinery	Oil Refinery
Punjab Province	
1. Pind Daden Khan Industrial City	Manufacturing
2. Multan Industrial Estate-II	Feasibility study yet to be carried out
3. Rahim Yar Khan Industrial Estate	Feasibility study yet to be carried out
4. Bhawal Industrial Estate	Feasibility study yet to be carried out
5. DG Khan Industrial Estate	Feasibility study yet to be carried out
6. Mainwali Industrial Estate	Feasibility study yet to be carried out
7. Rawalpindi Industrial Estate	Feasibility study yet to be carried out

8. China Economic Zone, M-2 District Sheikhupura	Feasibility study yet to be carried out
Sindh Province	
1. Chinese Industrial Zone near Karachi	Feasibility study yet to be carried out
2. Textile City near Port Qasim	Textile
3. Marble City Karachi	Marble and Minerals
4. China Special Economic Zone Dhabeji	To be determined during the feasibility stage
Gilgit-Baltistan	
1. Moqpondass Industrial Estate	Marble/Granite; Iron Ore Processing; Fruit Processing; Steel Industry; Mineral Processing Unit; Leather Industry

Source: Ministry of Planning, Development and Reforms, Government of Pakistan (2017)

First, the government of Pakistan needs to clarify how the recently created SEZs with their corresponding tax regimes for CPEC will affect the revenue-generating capacity and fiscal powers of the provinces, as after the 18th Amendment to the Constitution, the provinces, including Balochistan, are more independent in managing their financial affairs and raising funds through different sources.

In light of the current Chinese import demand from the Middle East, we can analyse the potential of the industrialisation process in Balochistan. For instance, in 2017, China imported nearly \$88 billion worth of oil from the Middle Eastern countries, of which \$76 billion worth of oil was primary and unprocessed products, which, in other words, indicates that nearly 85% of the oil imported by China from the Middle East was processed in China.⁶⁰ Also, in 2016, Pakistan imported \$5.6 billion worth of unprocessed fuel and lubricant products from the Gulf region.⁶¹ Thus, even if China is to import only 10% of her total unprocessed oil from these countries through CPEC, it will considerably increase the flow of such products to Pakistan. Apart from this, in 2014, China also imported nearly \$17 billion worth of industrial supplies such as machinery and mechanical appliances,

chemical and mineral products, vehicles, aircraft and vessels, textiles and articles, miscellaneous manufactured articles, etc. from the Middle East—particularly from the United Arab Emirates⁶²—which is of course far greater than the \$2.4 billion worth imports by Pakistan in the same year.⁶³

The SEZ at Gwadar is an ideal location for petroleum refineries, automobiles, shipyard and shipbreaking, textile and clothing, steel and cement plants, and manufacturing industries for petrochemical intermediaries. Primary goods that may be imported to Gwadar by China can be processed in Balochistan and afterwards transported to China and other trading partners will initiate economic activities that can contribute not only to the overall economic growth and development of Balochistan but also provide thousands of jobs to the local youth.⁶⁴

Second, a typical and underlying problem of Balochistan is a serious dearth of human capital and a shocking level of unemployment.⁶⁵ The unemployment rate is significantly higher in urban areas at 6.3% compared to 3.3% in the rural areas.⁶⁶ The SEZs can potentially affect human capabilities through three broad channels: human capital formation effects, technological upgrading impacts, and employment outcomes. These factors can individually and collectively translate into poverty reduction and have the potential to improve the overall living conditions of the participating labour force in their respective regions, particularly in Balochistan.⁶⁷

Third, Balochistan direly needs strong intervention to initiate the process of the much-awaited industrialisation and the proposed SEZs under CPEC can be this intervention. Before attaching hope to these SEZs for industrialisation in Balochistan, we need to have a clear understanding of the nature and scope of the SEZs proposed. The majority of SEZs in Balochistan are extractive in nature with a limited potential of employment generation. The SEZs with mines and mineral industries in Balochistan are capital intensive, extractive (the minerals

are non-renewable), and environmentally hazardous. Many regions, including Chagai, Kohlu, Lasbela, Awaran, Khuzdar, and Qila Saifullah produce hundreds of thousands of tonnes of minerals, yet these are among the poorest districts of the country,⁶⁸ which may not be a mere coincidence. The fear is that the development of mines and minerals industries through SEZs promotes the extraction and further impedes the already slow process of growth and development in the province.

Fourth, an important benefit of these proposed zones in terms of employment could potentially be that they can open a window of opportunity for unskilled workers and even women. In Balochistan, given the lack of adequate education, skills development is severely restricted and the female workforce is largely unskilled. Hence any form of employment that can accommodate unskilled workforce including females would help to reduce unemployment. It can also generate economic activity with enduring impact.

Women participation in the total labour force is normally higher in SEZs even in countries and regions with a relatively lower level of female labour participation. Given the concentration of economic activities in a few urban centres, women in the rural areas cannot participate in the labour force, as women in Balochistan, in particular, are less likely to migrate for employment. Educated women, though few in number, can provide an effective labour force for the proposed SEZs where they can work in several capacities ranging from office assistants to managerial positions. Likewise, unskilled women can also be employed to work in areas of industries where hard labour is not required.

However, many studies (for example, the World Bank⁶⁹) show that Economic Zones located comparatively far from inputs, consumers, and trade markets are less likely to sustain in the long run. On the other hand, regional equality requires equitable economic opportunities in all regions, the logic of economic agglomeration favours concentration in certain regions. There are thus many

questions about the feasibility of these SEZs, their sustainability in proposed regions and their potential socioeconomic outcomes including poverty reduction.

Amidst optimism and prospects, however, the SEZs may face multiple challenges in Balochistan. First, as noted earlier, Balochistan has a poor record of governance and shortages of electricity, gas, and water. Such critical issues may pose serious challenges to the development of the SEZs.⁷⁰ Water scarcity and gas shortages, in particular, are two serious issues in Balochistan. Balochistan faces an acute depletion of water and gas reserves. Each SEZ needs millions of gallons of water each day. Given the present water scenario, it is highly unlikely for the province to supply water to the SEZs.

Transportation Network

As noted earlier, in initial investments of CPEC projects, \$11 billion is allocated to the transportation network, which includes main highways intra-city metro lane(s) and railways of Pakistan.⁷¹ The underlying aim of the transportation network is to connect China to the Gwadar seaport. However, since it goes across the length of Pakistan (Balochistan for this purpose), it encompasses through many regions, which inherently could become a conduit of connectivity among many regions (Table 2 gives an overview of transportation, which is part of CPEC investments). As shown in Map 1, while the first link is the Eastern Corridor that essentially is built on the existing National Highway connecting the seaports of Karachi to rest of the country excluding Balochistan, the Western Corridor, on the other hand, passes through a relatively less-developed part of the country.⁷² It is important to note that currently only the Eastern Corridor is constructed, which has no impact on Balochistan. Given the vitality and relative proximity of Karachi seaports and its allied facilities compared to a remote and underdeveloped Gwadar port city, it is very likely that the Eastern Corridor remains the key artery of Chinese trade through Pakistan. In such a case, despite tall claims and political

rhetoric, in the short to medium terms, there can hardly be any tangible impact of CPEC highways projects on Balochistan. As shown in Table 2, in initial infrastructure projects, Balochistan will get only a minor project of up-gradation of D.I. Khan-Zhob highway, which could be built by the National Highway Authority through Public Sector Development Programmes.⁷³

Table 2: CPEC Infrastructure Projects

Road Projects		
Project Name	Length (KM)	Estimated Cost (US\$M)
KKH Phase II (Thakot -Havelian Section)	118	1305
Peshawar-Karachi Motorway (Multan-Sukkur Section)	392	2846
Khuzdar-Basima Road N-30 (110 km)	110	
Upgradation of D.I.Khan - Zhob, N-50 Phase-I (210 km)	210	
KKH Thakot-Raikot N35 remaining portion (136 Km)	136	
Rail Sector Projects		
Expansion and reconstruction of existing Line ML-1	1872	8173
Havelian Dry port (450 M. Twenty-Foot Equivalent Units)		
Capacity Development of Pakistan Railways		40

Source: Ministry of Planning, Development and Reforms, Government of Pakistan (2017)

Nonetheless, if the Western Corridor is built and made duly functional with link roads, it will have an enduring impact on Balochistan, as it passes virtually through the length of the province. This can potentially encourage local enterprises, provide markets and ports access to agricultural produces, and boost trade and commerce activities in the province.

Perhaps, for the right reasons, the rail-based mass transit projects are planned for the provincial capitals: Karachi circular railway;

Greater Peshawar Region Mass Transit; Orange Line Lahore. Yet, so far it is the Lahore Orange Line that has become functional. The major urban centres in the country have historically lacked decent mass transit arrangements. These arrangements can surely improve economic activity in these places. For mass transit projects, when seen from the point of regional distribution, there is little that Balochistan could benefit from these projects. Since no such mass transit project is planned for the province, urban transport in Balochistan will not receive any benefits from CPEC.

Prospects of CPEC for Balochistan

As discussed, the physical and social infrastructure in Balochistan has remained underdeveloped. Currently, vast areas of the province are without physical and social infrastructure. It can be seen, though regrettably, that Balochistan is still reeling in the horticultural and pastoral stage of growth, where livestock and minor crops contribute the largest share to the provincial economy, while the manufacturing and finance together account merely 9% to the provincial economy.⁷⁴ The province faces two major challenges in terms of physical infrastructure paucities and primary sector economy, which restrained the provincial economy to move onto the secondary and tertiary level. Given the resource constraints, it is crucial to concentrate the development effort on selected sectors and areas, i.e., growth nodes and economic corridors that can create a pull effect for the rest of the sectors of the provincial economy. In this section, we attempt to provide an analysis of the proposed growth nodes and economic corridors in relation to CPEC that can provide the necessary impetus to the growth and development of Balochistan.⁷⁵

After careful consideration, in 2014, the Government of Balochistan has identified 15 potential growth nodes, where industrial, social, and agriculture/fisheries sectors' can potentially be developed. The initial roadmap, produced by the Chief Minister's Policy Reform Unit (CMPRU)⁷⁶—a task force established by the provincial

government with the collaboration of the United National Development Fund—suggested certain growth nodes across the province. These nodes are suggested given their location on junctions, population sizes and their growth rates, and mineral, fruit, fish, cereals, and vegetable production capacities. The CPEC infrastructure and other related facilities could be utilised to connect these growth centres to the markets and ports and establish a value chain that could support the economic activities in Balochistan.⁷⁷

Corridor 1 is the coastal belt that covers the southern part of Balochistan—Districts Gwadar and Lasbela—accommodating the fishing industry.

Corridor 2 comprises the link between the copper/mineral belt in Chagai and Gwadar via Mashkel, Kharan, and Buleda.

Corridor 3 forms part of CPEC that covers Gwadar, Turbat, Panjgur, Besima, Khuzdar, and Mastung.

Corridor 4 runs through the trade route along highway N-25 (the RCD road) that connects the port city of Karachi with Chaman on the Pakistan-Afghan border via Lasbela, Khuzdar, Kalat, and Quetta.

Corridor 5 comprises of gas fields and canal irrigated agriculture producing major food and cash crops. This covers the oil, gas, and coal-rich districts of Dera Bugti and Kohlu.

Corridor 6 comprises of the north-eastern districts producing non-staple high-value products, such as fruits, vegetables, wool, etc., as well as minerals, including coal, chromite, etc.⁷⁸

The economic corridors characteristically emphasise Balochistan's tremendous industrial growth and trade potentials. Yet, in order to exploit the potential of each corridor, besides a long-term development vision, a comprehensive road and rail network needs to be provided knotting the corridors and connecting them to the port city, to rest of the country, to Afghanistan and CARs, and to the western part of China. The Western Corridor of CPEC, as discussed above, can provide the necessary alignments and connectivity to

these economic centres.⁷⁹

These corridors or economic centres need vast investments. The public sector, given its limited finances, is unable to inject the required investment alone. The private sector investment, including FDI, is crucial. Some of the projects and schemes planned for medium- and long-term phases under the CPEC umbrella will be attracted to these corridors. For this to happen, both the federal and provincial governments, alongside large foreign and local businesses, should also encourage the small- and medium-sized enterprises and motivate the financial sector to provide the required finances. Nothing of such sort is seen happening in Balochistan. Many of these proposed economic centres are wishful and aloof from the reality of Balochistan. In order to make them more feasible, investments will have to be made in education to invest in education to equip the local communities with the required skills and technical know-how to gain from opportunities that CPEC will present. Infrastructure development, logistics regulatory framework, and industrial parks and zones will certainly demand a skilled workforce.⁸⁰

The Politics of CPEC and Balochistan

Besides its commercial and economic importance, the geographical location of Gwadar also provides the port city with an immense geostrategic value with competing politics. Given its geographical and geostrategic location, Gwadar has for long been considered to have the potential of exploiting the transit trade to and from the landlocked CARs, Afghanistan, and western China, by providing them with the nearest access point towards the sea for their exports and imports. The completion of CPEC projects, notwithstanding being the harbinger of economic benefits to the province, may attract many competing regional and international powers, as CPEC is perceived to be a flagship of Chinese foreign policy and geostrategic interests under the OBOR.

Since the beginning of work on the Gwadar Port in 2003—which became a critical node of CPEC when the latter was officially launched in 2014—it has been depicted as Chinese long-term plan to gain and consolidate a foothold on the outskirts of the Indian Ocean with immense strategic importance. Not only Gwadar Port, the geographical location of Balochistan placing it in the middle of Central, West, and South Asia, would always make it susceptible to the effects of regional and global politics.⁸¹ The maritime significance of Balochistan is evident from the fact that its coastal belt can provide the shortest and most convenient sea access to the landlocked and resource-rich CARs and Afghanistan.

The interest of Russia to be an active part of CPEC and the Chinese invitation to Iran to join hands to link Gwadar and Chabahar ports for commercial gains obviously add to the political importance of CPEC and Balochistan is a pivot to this entire development. Balochistan has always been a high ground for regional geopolitics dating back to the 19th century 'Great Game' between Russia and Great Britain, and the 20th century Cold War between the United States of America and the Soviet Union. Currently, the growing Chinese influence in this region through the Belt and Road Initiative and CPEC has yet again placed Balochistan in the limelight of regional and international politics.

It is important to mention that India, which invariably perceives itself a regional hegemon, suspects CPEC as a Chinese geostrategic expansion to the Indian Ocean to counter the traditional Indian geostrategic dominance. To its rivalry and counter-positioning, India, therefore, has for years been placing its presence in south-eastern Iran by building the Chabahar port. The Chabahar port provides an alternative route to Afghanistan and CARs, which through Bandar Abbas enables India to connect not only to the CARs but allows it to have access to Russia and Eastern Europe through the node of the International North-South Transport Corridor.⁸² The political and

geostrategic boundaries of CPEC encompass a wide range of countries. Apart from the economic benefits of CPEC to both China and Pakistan, underneath there is a strong political and geostrategic and power politics in the CPEC process. Chinese, Indian, and American foreign policies and Pakistan's response to them play a crucial role in the future development of CPEC and Balochistan, for better or worse, remains the central ground of this power politics.

In Balochistan, despite mainstream nationalist parties' virtual consent to CPEC, a large segment of the political spectrum in the province undoubtedly suspects CPEC to be just a train passing through the province without having any meaningful economic impact. In addition, they fear an adverse political impact owing to the Chinese presence in Gwadar. Balochistan's apprehensions have their roots in the history of unequal resource distribution and development, in general, and the lack of federal government's transparency regarding CPEC. Given the vitality of Balochistan vis-à-vis CPEC, its strategic positioning and the greater resentment of the Baloch political elements, it is imperative for Pakistan to develop a widespread political consensus taking into confidence the people of Balochistan. Thus, the federal government needs to engage with the Baloch representatives including the radical elements for greater consultations, as CPEC is a project that touches upon all 'politically sensitive' and volatile regions of Balochistan, which also happen to be the poorest regions of the country with very little or no representation in power structure.

The Baloch Question

The greatest challenge and roadblock to CPEC development in this region has been the current wave of Baloch insurgency, which has erupted in 2002 and remained unabated, though, subdued and limited to only a few districts of Balochistan in recent years. However, the districts that still host the majority of Baloch insurgents are the areas along the CPEC route. Thus, notwithstanding the prospects for

development, the province has been dogged with disgruntlement that has led to revolts and insurgencies stretched out over decades. The Baloch insurgents have serious reservations about CPEC and its aligned development. This political and militant resentment of the Baloch nationalist forces makes Balochistan a difficult and contentious space for CPEC. The historical trend of Balochistan and the centre has been that of exploitation and the current opposition of a strong segment of Baloch nationalists to CPEC is on the grounds that it will enhance the circle of exploitation in collaboration with China.⁸³

There could be multiple causes of the Baloch insurgency but the chief among them were disputes over the questions of provincial autonomy, control over province-based resources, interethnic relations, and linguistic concerns. An interesting phenomenon in this entire saga is that since CPEC projects, including Gwadar port, are largely situated in areas that are afflicted with the insurgency. Thus, it is fair to argue that CPEC can open up an opportunity to bring a durable end to the Baloch insurgency through economic development. It is important to engage the Baloch youth in national institutions as well as in CPEC-related projects and address the apprehensions of the Baloch nationalists attached to CPEC. The Baloch, in general, are not averse to the idea of development, yet their view of CPEC is manifested by the idea of resource exploitation by 'outsides', which of course has a history of mistrust. Thus, appeasing and mitigating the Baloch sentiments owing to CPEC through tangible and concrete measures must be a priority of Pakistan.

Another key concern of the local Baloch is the suspected demographic change, which they fear will take place as Gwadar develops. As the economic activities in Gwadar and in rest of Makran grow, the region will attract a large number of migrant workers from other regions of Pakistan. Such an influx of non-Baloch migrants to Makran Division and Lasbela District, which are already the poorest regions of Pakistan, could pose a serious risk to the ethnic balance and

social cohesion, as the local Baloch would become not only a minority in their ancestral homeland but would also have to compete for local jobs with non-Baloch economic migrants.

For sustainable development of CPEC, the Baloch question must be resolved. Numerous initiatives can be taken including the following:

1. The political rights of the Baloch may be protected through their representation and participation in the political process. Through legislation and constitutional protections, the employment rights of the locals may be guaranteed. Moreover, the new migrants can be prohibited from being counted in the local population count and they may be debarred from receiving domiciles and voting rights.
2. The provincial and federal government with the collaboration of private financial institutions could develop a local services sector by offering loans to petty Baloch businessmen and merchants who want to establish their small businesses.
3. The real estate speculations in Gwadar have generated massive land scams and frauds. To prevent and mitigate the recurrence of such irregularities, the land record should be digitised, and perhaps as an extreme measure, the non-local may not be permitted to 'buy' land from locals. Instead, the land may be leased out for commercial purposes for a certain duration.
4. Education of locals must be enhanced to generate 'skilled labour force' from the local community, who can meet the demands of the market.
5. The local Baloch should be recruited into security forces.

Conclusions

It is imperative to ensure that Balochistan, a pivot of CPEC, can benefit from its dividends, which ironically is missing from the greater discourse on prospective benefits of CPEC. In this paper, even though we illustrate and analyse the possible venues through which CPEC can substantially benefit Balochistan, yet the current design of CPEC is improbable to have a meaningful impact on the provincial economy. For CPEC to be beneficial for Balochistan, the federal government needs to have a clearer vision and strategy of not only building small-scale infrastructure but also of encouraging local enterprises and building the capacity of local communities through the provision of training and education services.

The majority of SEZs for Balochistan are still plans without any serious feasibility assessments. It goes without saying that the country needs to promote industrialisation in Balochistan and the proposed SEZs could be a concrete initiative towards that end. Yet, the evidence so far suggests that the government has failed to have a well-designed and well-structured policy to establish these SEZs on a sustainable basis. Merely delimiting a piece of land declaring it an SEZ hardly suffices any need. SEZs in Gwadar, Bostan, and Moqpondass Industrial Estate, for example, are just desolate piece of lands with no infrastructure and basic amenities. A serious plan for the proposed SEZs could include a plan for the provision of power and connectivity through road, rail, seaports, and airports and integrating them into the national and international supply chain.

CPEC will likely change the economic landscape of Balochistan by providing adequate communication network and investments to its potential economic corridors. CPEC is in its early stage, though, and it is hard to confirm or even predict the actual social and economic impact on Pakistan, let alone Balochistan. Nevertheless, the paper presents a scenario with key potential areas that could gain maximum benefit from CPEC and usher in a growth and development process in

the province. It needs to be acknowledged that given the level of the weak and dysfunctional state of Balochistan's economy and the dire situation of the social capital, one project, no matter how diverse and multifaceted it may be, could hardly change the entire economic and social landscape. CPEC, on the other hand, by virtue of being an economic and development corridor, can generate employment opportunities, help alleviate poverty, engage youth in entrepreneurial and commercial activities, maintain law and order situation, and improve the overall social and economic outlook in the province. CPEC can provide incentives for regional stability and development opportunities in Balochistan province. And for this to happen, Pakistan needs to take comprehensive measures to enhance the capacities of the underdeveloped regions of the country, including Balochistan. In this context, Balochistan can emerge to be a place of great geostrategic significance that is expected to offer a remarkable boost to the economy of Pakistan and the whole region.

Amidst the uncertainty in regional and international geopolitics, however, such an ideal situation is by no means guaranteed. CPEC is an integral part of greater Chinese OBOR project and the Chinese expansion to West Asia, the Middle East, Central Asia, Western Europe, and Africa is indeed not perceived positively by other regional and global hegemonic powers. The US, with traditional presence and a deep interest in the region, as well as India, Iran, and certain Middle Eastern countries having deep apprehensions against growing Chinese influence in the region, could make CPEC a hard undertaking. Thus, what is required is a farsighted and prudent consideration and in-depth analysis of CPEC and OBOR with their greater implications on geopolitics and economics. The Government of Pakistan and other key stakeholders of the project should devise a comprehensive and realistic policy, taking into account the potential threats that could come in the way of the smooth materialisation of CPEC. And lastly, For CPEC to be inclusive with positive implications for

poverty and regional inequities it has to unleash itself from the traditional power politics and elite capture.

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