



China-Pakistan Economic Corridor: Meeting Security Challenges in Balochistan Through Trade and Development

Hashmat Ullah Khan¹, Shan Yu²

¹ Northwest University, China

² Jilin University, China

Abstract. The article explores the prospects of the China-Pakistan Economic Corridor (CPEC) for developing the Balochistan province of Pakistan. Balochistan is the largest province of Pakistan, full of natural resources; it has geostrategic importance due to its location, long coastal line, Gwadar port, and the recently launched CPEC project. It remains an economically underdeveloped and socially and politically marginalized province, facing extensive poverty and lack of economic opportunities despite the enormous economic potential, separatism movements, terrorism, and severe clashes with the federal government over its financial share in the state's divisible pool and natural resources found in the province. Economic backwardness is one of the main reasons behind the critical challenges in the province. In this regard, it is essential to analyze the prospects of CPEC projects for the province's economic, social, and political redevelopment and how CPEC can improve the security situation and resolve the separatist movements in the province. CPEC provides potential opportunities for improving the economic and security situation in the province and the region on the whole, as it brings a huge amount of Chinese foreign direct investment to the province, creates jobs, encourages infrastructure development, establishes special economic zones, and turns the province into a corridor of regional trade connecting it with other economies. The article substantiates that CPEC has prospects to cool down the Baloch uprising, bring peace, prosperity, and stability, solve the economic crises, decrease poverty and improve the country's living conditions and region.

Keywords: CPEC, Pakistan, China, Balochistan, economic development, peace, security

An economic corridor is a territorial or sea-based passage used regularly to move goods, trade conveys, services, and people from one country to another. It links economic hubs with markets and their demand and supply chains, which is vital to the economic fabric and the financial actors (Brunner 2013). Economic corridors have emerged as a vital tool for regional collaboration in the current global

UDC 339.9, 327

Received: July 23, 2022

Accepted: September 28, 2022

environment. China's concepts of the "One Belt and One Road" (OBOR) and the "21st Century Maritime Silk Road" represent land routes and maritime links for financial collaboration on the one hand, with South Asia, Central Asia, the Persian Gulf, Russia, and Europe, and on the other hand, with ASEAN states, South-East Asia and the Indian Ocean as well. China-Pakistan Economic Corridor (CPEC) as the most significant part of the Chinese vision of OBOR (Khalil and Parveen 2015) and spans from China to Africa and from the European Baltic region to Southeast Asia (Ahmed 2017: 91). As a result, it is reasonable to state that CPEC provides China with a strategic edge by giving it direct access to the Indian Ocean and bringing it closer to the Middle East, the largest oil-producing region of the world. Other OBOR initiatives throughout the globe do not provide China with comparable benefits. Its fundamental aim is to make economic, energy, trade, and commerce development more methodical, pragmatic, and cautious. In the targeted area, the land- and sea-based trade routes must be revitalized in the current-day framework, CPEC (Sheng 2014). Both countries signed 51 agreements worth 62 billion dollars during Chinese President Xi Jinping's visit to Pakistan from 20 to April 21, 2015 (Ahmar 2014). About 42 main projects are initiated under CPEC, of which 22 schemes are on the fast track of progress while ten are already accomplished (Rashid, Zia, and Waqar 2018). The CPEC's final phase is estimated to be completed by 2030¹. The project reflects two primary inclinations in Pakistan-China relations: firstly, a long involvement of continued collaboration in the economic field over the last six decades has provided satisfactory confidence to both states to assume such a key project; secondly, the shared ambitions for a prosperous, flourishing and stable future for the people of both states (Rizvi 2016). There would not be any political obstacles in the way of both countries enhancing their mutual interconnectivity. The two nations have built great mutual trust through their extensive bilateral cooperation. They anticipate that it will persist and elevate their relationship to greater levels². By 2030, the Pakistani Board of Investment estimates that the CPEC's sole tool income will be three times the country's present entire budget³.

It is expected that CPEC has benefited Balochistan and its people more than any other province of Pakistan. It is the least populated region as its share in the country's total population is only 5% (Ahmed 2017): according to the 2017 census, its total population is 12.34 million, and the majority of people are living under the poverty line and facing the lack of opportunities to transform their lives. These issues, along with other internal and external reasons, have created socio-economic, political, and security problems and a productive environment for the separatist movement in the province. It is a fact that CPEC is very important for the development of the

¹ Iwaki S. 2014. Pakistan set to Build Economic Corridor. *Nikkei Asian Review*. December 6. URL: <http://asia.nikkei.com/Politics-Economy/International-Relations/Pakistan-set-to-build-economiccorridor> (accessed 01.09.2022)

² Iqbal A. 2015. *China-Pak Economic Corridor: From Geopolitics to Geo-Economics*. *Express Tribune*. April 20. Khan M. 2015. Pakistan-China Friendship: A Lush Tree. *Dawn*. April 20.

³ Khawar H. 2017. CPEC toll income: Myth and Reality. *The Express Tribune*. October 26.

whole region, but its significance for Balochistan cannot be overstated. Therefore, it is essential to analyze how the project will change the province's economic landscape and how the opportunities will transform the socio-economic, political, and strategic environment and improve the security situation in the province. Since Balochistan is already suffering from socio-economic problems and political turmoil, CPEC has emerged as a potential tool to resolve those underlying issues and challenges, including the uprisings in the province. This province is the largest by area occupying almost 44% of the total territory of Pakistan, and full of natural resources, but the fact that this region is situated in the South-West of the country, having a border with Iran, Afghanistan in the West, and a long coastal line in the South with the Arabian Sea, increases its geo-economic importance.

Routes of CPEC

As illustrated in Figure 1, the corridor's three routes start from Gwadar and go through Balochistan, spanning the whole province. The Coastal Highway, for example, connects Gwadar port and Karachi via towns and cities in the districts of Gwadar and Lasbela, while the significant road line from the port to the other parts of the country connects the province's western, south-western, and midland regions to Ratodero, Sindh, Dera Ismail Khan, Khyber Pakhtunkhwa, and the northern region of Balochistan via the western route. As a result, the corridor may confidently be stated to meet Balochistan's decades-long needs for road and associated infrastructural facilities. Even though some of the less developed areas, such as the districts of Kharan, Washook, and Awaran, are not included in the significant corridor, it is an important infrastructure network in the province. However, the highways will link them to the main network. For example, on February 03, 2016, Pakistan's Prime Minister announced a 250-kilometer highway from Hoshab to Bela, District Lasbela, going via District Awaran, during the inauguration of the Hoshab-Gwadar part of the CPEC route. From Besima, a small town in the Washuk district, a comparable highway is being built to link Kharan, Washuk, Nushki, and Chagai districts to the main route. Balochistan would therefore be connected and further linked to the national mainstream through the corridor's many motorways and subsidiaries (Ahmed 2017: 97-98).

As a part of the OBOR initiative, CPEC established one of China's largest international investments (Wagner 2016). The CPEC has been added to the functional road link between Pakistan and China through the Gilgit Baltistan area of Pakistan to China. The road construction history between these two countries dates back to 1959 when engineers of the Pakistan Army began to build a 155 miles road that linked Chilas to Gilgit, which was later named the "Indus Valley Road." After India-Pakistan 1965 War, it was agreed to prolong this road to the border of China. China also agreed to construct a similar road on its side too. The use of this route for trade was started in 1967, which is considered to be a reopening of the "old Silk route" that was nearly unfunctional since 1949 (Rizvi 2016).



Figure 1: CPEC Routes

Source: (Ashraf 2020)

Challenges experienced in Balochistan

CPEC is composed of different projects worth \$62 billion. It has 16 projects in the province of Balochistan, in addition to 8 projects in Khyber Pakhtunkhwa, 13 projects in Sindh, and 12 projects in Punjab⁴. Those 16 projects are Dara Ismail Khan-Quetta Highway (N-50), Khuzdar-Basima Highway (N-30), Gwadar Power Plant, Hub Coal Power Plant, Gwadar Eastbay Expressway, Gwadar Eastbay Expressway II, Gwadar-Nawabshah LNG Terminal and Pipeline, Gwadar Smart Port City Master Plan, Wastewater Treatment Plants for Gwadar City, Gwadar New International Airport,

⁴ Details of CPEC Projects by Chinese Embassy. 2016. *Pak China News*. URL: <http://pakchinanews.pk/details-of-cpec-projects-by-chinese-embassy-1/> (accessed 01.09.2022)

expansion of multi-purpose terminal including Breakwater and Dredging, Gwadar Hospital upgradation, Gwadar Primary School, Gwadar Technical and Vocational College, Fresh Water Supply, and Gwadar Free Zone.

Problems of Balochistan. Non-inclusive policies, extractive, and weak institutions, fragmented political structure, negligence of national resources (Saleem 2017), illiteracy (literacy rate is 26%), and lack of socio-economic opportunities kept Balochistan undeveloped since its independence of the country in 1947. According to 2019 statistics, overall, 71% of people are poor⁵, while the poverty rate in other provinces is much lower than this. Other social development indices, including primary school enrolment, sanitation, and clean drinking water, are lagging in the province. The majority of Balochistan's population lives in rural regions, so just 25% of villages have power, and, in contrast, power is available in 75% of communities in other regions of the country (Malik 2013: 126). Moreover, the province has Pakistan's highest newborn and maternal death rates and the greatest poverty rate (Ahmar 2014).

The lack of advancement, however, is not owing to a scarcity of resources. This province fulfills more than 40% of the nation's energy requirements in the form of gas, coal, and electricity. Natural gas is the leading energy source in the province, accounting for 50% of total energy consumption. Balochistan produces most of it, accounting for 68% of the country's gas resources. Despite having a considerable amount of natural gas, only four districts in Balochistan have access to it. Sui gas was found in 1952, and Rawalpindi received it in 1964. Quetta, the capital of Balochistan, acquired it 33 years after it was discovered (Malik 2013: 130). Furthermore, individuals from neighboring provinces have occupied well-paid positions in Balochistan's gas business (Saleem 2017: 121). The growing unemployment rate in the province might also be explained by a lack of possibilities for human development. As a consequence, uneducated youth is more likely to fall victim to extremist and terrorist organizations⁶. According to estimates, only 2.000 students out of approximately 25.000 who graduate in Balochistan each year are getting able to find job⁷. Poverty and unemployment have been recognized as the primary causes of their exclusion. When comparing Balochistan to Sierra Leone, it is possible to conclude that job development positively influences stability in unstable areas. The civil war in Sierra Leone was suggested in the literature as a direct result of unemployment among the country's youth. Sierra Leone's president noted in 2006 that our young people's unemployment and idleness predisposed us to societal frustration (Holmes 2013). Also, the International Labour Organization (ILO) and the World Bank have both reported that job creation helps to maintain stability in Sierra Leone⁸.

⁵ Balochistan Drought Needs Assessment (BDNA) Report. 2019. *Government of Pakistan*. URL: <https://reliefweb.int/report/pakistan/balochistan-drought-needs-assessment-bdna-report-february-2019> (accessed 01.09.2022)

⁶ Pakistan is a Resilient Country. 2012. *Dawn*. February 04. URL: <http://www.dawn.com/news/693166> (accessed 01.09.2022)

⁷ Unemployment in Balochistan. 2016. *Dawn*. August 02. URL: <http://www.dawn.com/news/1274809> (accessed 01.09.2022)

⁸ World Development Report 2011: Conflict, Security, and Development. 2011. *World Bank*. Washington DC: World Bank.

Unlike the rest of the country, the province's extensive and productive lands are not irrigated by the Indus River System of Pakistan. Its agricultural production is far lower than Pakistan's national average⁹. In Balochistan, for example, per capita GDP was recorded at Rs. 31.000 in 2014-15, whereas Punjab, Sindh, and Khyber Pakhtunkhwa recorded per capita GDPs of Rs.54.672, 69.417, and 53.000, respectively (Pasha 2015). Balochistan's labor productivity is also lower than that of other Pakistani provinces. As a result, the province's poor living standard is, to a considerable measure, a manifestation of joblessness and low production. Its average labor is 1/3rd as productive as Sindh's typical worker, and roughly 25% as productive as Khyber Pakhtunkhwa and Punjab's average worker¹⁰. According to this calculation, a worker in the province generates items and services worth one dollar every hour (Ahmed and Baloch 2015). Because of its scarce population and enormous resource base, Balochistan has traditionally lagged behind other provinces in terms of per capita GDP. However, the change in per capita GDP in Balochistan has been far smaller than in other provinces. For example, from 2000 to 2008, Balochistan's per capita GDP increased somewhat from Rs.31.086 to Rs.32.452, before declining to Rs.31.000 in 2015. Punjab's per capita GDP grew from Rs.40.537 to Rs.49.808 throughout the same time (Ahmed, Baloch 2017). Its percentage in Pakistan's total GDP fell from 4.9% in the 1970s to less than 3% in 2000 (Bengali and Pasha 2005). As a result, it is possible to say that this province's economic development remained practically static, while all other provinces managed to sustain a moderate pace of growth (Ahmed and Baloch 2015). As a result of this situation, the province has drifted away from the country's social and economic trends.

Prospects of CPEC for the province

CPEC has brought many development projects and opportunities to uplift the province. Due to the geostrategic location of Gwadar, Balochistan remains a significant shareholder in the rise of the People's Republic of China. This port is a crucial project going to benefit Balochistan greatly. The province's location has been converted into an asset by launching CPEC. It links Middle Eastern countries, China, and energy-rich landlocked Central Asian Republics with each other through highways, rails, oil and gas pipelines, electricity transmission lines, and trade routes. At present, China is importing 60% of its oil, which is expected to rise to 75% from the Middle East through the Strait of Malacca¹¹ but due to the security condition of that region and the

⁹ Pakistan-Balochistan Province: Public Financial Management and Accountability Assessment. 2013. *World Bank*. Integrative Fiduciary Assessment No. 39799. Washington DC: World Bank.

¹⁰ Pakistan Balochistan Economic Report: From Periphery to Core. World Bank Report No. 40345-PK. *World Bank*. URL: <http://siteresources.worldbank.org/PAKISTANEXTN/Resources/293051-1241610364594/6097548-1257441952102/balochistan-economic-report-vol2.pdf> (accessed 01.09.2022)

¹¹ Iqbal O. 2016. CPEC and China's Strategic Interest in Pakistan. *PakchinaNews*. URL: <http://pakchinanews.pk/cpec-and-chinas-strategic-interest-in-pakistan/> (accessed 01.09.2022)

strong relations of Singapore with the US-led Western bloc, this route is still subject to interruption. Beijing requires a secure route to import oil from the Middle East, so the only safe and short passage is through Balochistan. This huge amount of export and import via Balochistan soil generates a huge amount of money in the shape of transit tax, jobs, and economic and trade opportunities, which are leading to develop the province economically and removing poverty, where according to 2019 statistics overall 71% people are considered to be poor. Economic development is also improving the law and order situation. It will probably control terrorism in Balochistan insofar as, according to liberal theory, economic activities and development bring peace and prosperity.

Pakistan has planned to establish around 29 industrial parks and 21 mineral processing units throughout the country under CPEC, among which 27 projects granted the status of Special Economic Zones and Mineral Processing Zones. In Balochistan province, Gwadar, Dostan, Quetta, Uthal, Khuzdar, Dera Murad Jamali, and Hub regions are selected for manufacturing and industrial zones for the planned Mineral Processing Zones. Khuzdar has been determined for the chromite and antimony Processing Zone, Chagai is also for the chromite zone, Qila Saifullah for the antimony and chromite Processing Zone, Saindak for the gold and silver zones, Rekodiq for the gold, Kalat – iron, Lasbela – manganese, Gwadar – oil Refinery Zone, and Muslim Bagh also for the chromite Processing Zone (Ahmed 2017). The sign of developing such economic areas is a vibrant indicator that it will probably boost Balochistan's financial and commercial potential. Once these economic zones, infrastructure projects, energy projects, and other socio-economic schemes are completed under the umbrella of China Pakistan Economic Corridor, then it will probably have an impact not only on jobs making but also on the whole financial landscape of Balochistan which is a least developed province of the country.

CPEC is a game-changer scheme deemed to eradicate poverty from the whole region. The Special Economic Zones established in Balochistan, and the development of Gwadar port has created thousands of jobs in the province. Gwadar port and the Special Economic Zones in Balochistan are expected to create 55.000 jobs for local people. It is composed of potential industries, including cooking oil, food processing, marble, gems and jewelry, ceramics, minerals, iron and steel, motorbike assembling, agriculture machinery, automobile, and electrical appliances¹². Apart from these projects of vital importance, some other very important projects are included, such as textile units, dams, construction of nuclear power plants, and a well-established network of highways and railway lines. They are also generating many employment opportunities for local people. Under CPEC, many such projects are also initiated, facilitating the province's education sector by establishing schools, colleges, and technical and

¹² CPEC special economic zones to create 575,000 direct jobs in Pakistan. 2019. *Xinhua*. URL: http://www.xinhuanet.com/english/2019-11/30/c_138594895.htm (accessed 01.09.2022)

vocational training institutes. Clean water supply schemes are also included. The projects will probably improve the life standard of people, and Balochistan is supposed to get many advantages from these openings and opportunities under CPEC as it will prove a remarkable increase in the annual financial growth of Balochistan.

Another essential factor of CPEC in Balochistan is the Gwadar port. Gwadar is significant for the energy security of Beijing since it offers a far shorter route than the present 12,900-kilometer way from the Persian Gulf through the Malacca strait to the eastern coastline of China. The Strait of Hormuz carries nearly one-third of the global oil commerce. The Gwadar port is, therefore, strategically irreplaceable (Ahmad and Mi 2017). With the materialization of CPEC schemes, the Balochistan province has the strong potential to become the hub of national and international trade.

Additionally, it is projected that 800 million dollars will be spent on building the Gwadar-related projects. Under CPEC, a 300 MW Coal Power Project worth 600 million dollars is planned in Gwadar (Rashid, Zia, and Waqar 2018), and \$1.090 million worth of a 1,320-Megawatt coal-fired power plant at Hub (Ahmed 2017) which are beneficial for this province both in respect of power generation as well as jobs creation. Gwadar is drawing investment from the business sector: hundreds of thousands of direct and indirect employments are generated and are anticipated to be generated many more in the near future.

In addition to grand projects of the China-Pakistan Economic Corridor, Balochistan has so far attracted about \$980 mln investment, including the Free Economic Zone worth \$32 mln, Pak-China Friendship Hospital in Gwadar (\$100 mln), a technical and vocational training institute (\$10 mln), Gwadar East Bay Expressway (\$140 mln), Gwadar International Airport (\$230 mln), fresh water and water supply scheme (\$130 mln), and Basima-Khuzdar Road (\$110 mln), etc. (Ahmed 2017).

Balochistan is rich in mineral and natural resources, including natural gas, oil, Gold, Iron, Copper, Marble, and uranium. However, this province lags behind other Pakistani provinces primarily because of its untapped potential and market. Consequently, another strategic significance of CPEC for Balochistan is determined by the projects related to undeveloped mineral resources and accounting only for 1.4 percent of job creation in the province (Ahmed 2017: 109). Natural gas reserves are projected to be 29 trillion cubic feet, while oil reserves are believed to be 6 billion barrels (Anwar 2011: 103). The historically ignored province is facing a lack of economic and social developments, communication infrastructure, and extreme employment opportunities, which have hindered Balochistan's economic, political and social development. In this regard, the Government of Pakistan has initiated several efforts to reach out to the province's people. Remarkably, after the launching of CPEC, the socio-economic and political stability of the province has become crucial for Pakistan.

China Pakistan Economic Corridor is a game changer hoped to revive the fortune of the province as the province is rich in natural reservoirs contributing about 40% of Pakistan's energy demand in the form of natural oil, gas, coal, and electricity (Saleem 2017). Francis Fukuyama states that economic development cannot be achieved

until the right institutions are in place to organize society. Regardless of being rich in natural resources, African countries are much poorer than Europe. The primary cause is the difference in the quality of governance and the nature of political and economic institutions (Fukuyama 2012). China Pakistan Economic Corridor is proven to strengthen the province's political structure and institutions, facilitating economic development and restoring social order (Saleem 2017). A significant increase in economic activity and job opportunities has been noted due to the development of roads, rail lines, and other transportation and communication projects from Gwadar to the People's Republic of China under CPEC. The local population's most persistent and long-standing grouse against the central government of Pakistan is that they have never been appropriately paid (Wirsing 2008). The destructive impacts of extractive political and economic structures are abundantly seen in Balochistan, as analyzed by Daron Acemoglu in his book "Why Nations Fail" (Acemoglu 2012).

Hope has emerged in the shape of CPEC. This project can provide economic prosperity to Pakistan's poorest and most neglected provinces. It will address the local population's problems and provide incentives to integrate socially and politically to overcome their economic and social difficulties. CPEC is creating employment opportunities, leading to an increase in provincial income and enhancing integration. This is another model helpful in bringing peace and stability to Balochistan. The UN also emphasizes this regard in its policy presented in 2009 titled "United Nations Policy for Post-Conflict Employment Creation, Income Generation, and Reintegration"¹³.

There is unrest and uprising in Balochistan province and complaints against the federal government driven by unfair resource distribution and the local people's perception that the federation is doing their exploitation. China-Pakistan Economic Corridor might perform a dynamic soft power instrument for consensus building in Balochistan (Saleem 2017). CPEC will solve their complaints and cool down the unrest across the province. Balochistan's security and political situation has dramatically improved since the launch of CPEC. According to a study released by the Home Department of Balochistan in 2015, terrorist attacks and targeted murders across the province have decreased by 50% in the previous two years¹⁴. The inhabitants of Balochistan claim that the government has marginalized them and denied them their due rights. To properly settle their differences, the center and province must better understand one another. It should be achieved by improved connectivity, economic possibilities, and the development of the infrastructure in the province. CPEC has set out many projects, including irrigation and energy projects. They will be advantageous in a variety of ways.

¹³ UN Policy for Post-Conflict Employment Creation, Income Generation, and Reintegration. 2009. *United Nations*. URL: <https://www.refworld.org/pdfid/5227107a4.pdf> (accessed 01.09.2022)

¹⁴ Balochistan Assessment-2016. *South Asia Terrorism Portal*.

To begin with, they would alleviate political tensions stemming from the notion that the Baloch land is being exploited for the benefit of outsiders. This would not only alleviate the strain on the province's resources and prevent them from being abused, but it would also enhance its energy allotment. Second, increased energy availability would boost economic activity in the province and raise living conditions in rural regions.

CPEC and its associated projects are expected to provide roughly 700,000 job opportunities in Pakistan between 2015 and 2030, which are considered short- and medium-term timeframes under the CPEC classification system¹⁵. Balochistan will account for a large portion of these employment possibilities. Regarding social and economic well-being, the majority of the districts of the province are considered impoverished. In the first phase, 49 projects of varying sizes were implemented throughout Pakistan's four provinces, with 16 of them going to Balochistan (Haq, Zia 2013). When the projects initiated are implemented, they will have a substantial impact on not just the generation of jobs but also the overall economic positioning of Balochistan.

Another factor is the closeness of Gwadar port to the Strait of Hormuz, a strategically important sea route from which billions of dollars of petroleum flow daily. Once the corridor and its associated connectivity network are constructed and fully operational, linking to the rest of Pakistan, the People's Republic of China, Central Asia, and Afghanistan, Gwadar will become a center of international trade and business. As per the Master Plan of the Gwadar Port, it will serve 25% of Pakistan's foreign trade, 12% of China's, 40% of Afghanistan's, and 15% of the overall trade of Pakistan with Central Asia. These infrastructures, energy, and social projects will have a substantial influence on job creation and the province's whole economic landscape once they are completed. As detailed previously, Balochistan falls substantially behind other provinces in all socio-economic and welfare metrics. The planned CPEC projects in different parts of the province have the potential to open new vistas of opportunity for the people of the province, transforming its social and economic landscape and assisting it in catching up to neighboring regions (Ahmed 2017: 107). The port has the potential to provide billions of rupees in income for the government, as well as thousands of jobs for the people of Balochistan. CPEC is creating a new framework for commercial arrangement and cooperation among regional countries, with significant geo-economics and political ramifications not just for Islamabad and Beijing but also for all surrounding regions, including West Asia, the Middle East, and Central Asia.

CPEC is not only building new roads or improving the existing ones to advance the movement of services and goods between China and Pakistan; it also comprises

¹⁵ Haq R., Farooq N. 2016. Impact of CPEC on Social Welfare in Pakistan: A District Level Analysis. Paper presented at 32nd Annual General Meeting and Conference (13-15 December 2016). *Pakistan Institute of Development Economics, Islamabad*.

many ventures for public facilities and infrastructure progress, energy and industrial manufacture units, development of Gwadar deep seaport and gas pipelines. A pipeline to transport oil from the Middle East to China's western regions via Gwadar is also planned, along with the highway and railway connectivity (Bhutta 2013). Additionally, CPEC includes the Iran-Pakistan (IP) gas pipeline, extending it to link with China (Bhutta 2013). This corridor acknowledges the changing realities of international and regional affairs by encouraging a more organized and sophisticated connection for advancing socio-economic, commercial, energy, and commerce growth. Additionally, it gives both countries a chance to enhance their relations with Central Asian Republics, Western Asia, Middle Eastern countries, and European countries. The intended interconnectedness via roads, trains, shipping routes, oil and gas pipelines, and power transmission lines are anticipated to benefit both countries. Likewise, it will also support the socio-economic growth of other nations that join CPEC.

Water security in Balochistan

Water scarcity is quickly becoming one of Pakistan's most crucial challenges. According to the World Resource Institute, Pakistan is one of the top five nations suffering from acute water scarcity and a lack of sanitation and clean drinking water. Amongst Pakistan's provinces, Balochistan faces the most significant risk posed by water crises in the country. This has implications for both economic growth and stability in Balochistan. The region could have severe tensions due to water shortage and the resulting impacts. Balochistan, among all provinces, is the most vulnerable to water shortages¹⁶. In this province, it has ramifications for both economic development and stability. According to a report from the US Senate, the area might face serious tensions due to water shortages and their consequences (Saleem 2017: 126). Significant parts of the province rely on groundwater, rapidly diminishing owing to rising stress, climate change, a lack of alternate supplies, and increased demand. Insecurity about water poses a severe danger to regional stability as China's primary foreign policy goal. To address such an alarming scenario and ensure the future of millions of people, various initiatives have been launched under CPEC to address the water issue. In Balochistan, the construction of the two dams under CPEC has already started, and another water supply scheme worth \$130 mln has also been initiated in Gwadar (Saleem 2017: 128).

Another area affected due to water crises is the agriculture sector – the province's primary industry and a significant source of employment. The average share of agriculture in Balochistan's GDP in the last ten years has been recorded at the level of 34%¹⁷ while the industrial and business account for only nine percent of the economy

¹⁶ Water-Pakistan's most critical Challenge. 2016. *Dawn*. April 25. URL: <http://www.dawn.com/news/1254171> (accessed 01.09.2022)

¹⁷ Whitepaper Budget 2016-17. 2016. *Government of Balochistan, Finance Department*.

of Balochistan (Ahmed 2017: 102). The scarcity of water storage and irrigation facilities and the depletion of water resources have impeded the expansion of this critical component of the local economy. CPEC has also brought many Dams and other agriculture-related projects to Balochistan, hopefully resolving this issue. Nonetheless, CPEC has the potential to play a significant role in strengthening Balochistan's agricultural sector since it produces a wide range of fruits and has enormous fisheries potential. For farmers and fishers, the completion of the corridor will offer new local and international agriculture-related trade possibilities. The province's agricultural exports would boost local income and bring much-needed assistance to the nation in the form of foreign investments.

* * *

Balochistan is undoubtedly a strategic region of Pakistan in respect of the China-Pakistan Economic Corridor project. At the same time, despite many potentials to develop, it remains Pakistan's most underdeveloped and poor province. The province has been experiencing economic backwardness, political unrest, separatist movements, and terrorism for a long time, primarily due to the people's lack of opportunities and engagement. Its strategic location and Gwadar port made it an essential element of the regional economic juncture. In addition, the province is also full of natural resources.

CPEC has already brought many dynamic stimuli and opportunities for the province's economic, social, and political developments. CPEC has happened to be a network of highways and railways and a comprehensive project of developmental programs for the development of all segments of society. The Gwadar port, transregional connectivity, international trade, rail and road networks, special economic zones, industrial units, infrastructure development, and the jobs-creating effects of these projects are changing the socio-economic environment of Balochistan. Along with improving the local people's living standards and the province's overall economic positioning, this project has also proved to cool down the political uprising and eliminate terrorism.

However, several key actions must be taken to get maximum financial, social, and political advantages from the corridor and its associated programs and projects. The primary measure is to invest more in education to train and equip the residents of Balochistan with the needed skills.

Balochistan, the most volatile province in the country and home to a vast number of jobless young people, is in desperate need of the creation of equal opportunities. To prevent discontent among Baloch youngsters from reaching a boiling point, the government must take practical actions to satisfy their grievances.

Balochistan's progress is hampered more by human inefficiency than by a lack of infrastructure. The government must focus on increasing local laborers' abilities to accommodate them in CPEC-related projects. Only a tiny portion of the local labor

force is gaining from CPEC. Significant efforts in human resource development need to be undertaken.

The province needs a development plan that aims to modify the economic environment in order to develop. CPEC is anticipated to boost the province's development goals with countless opportunities and potential. A sustainable industrial and trade development plan is still required for economic growth and development to occur.

About the authors:

Hashmat Ullah Khan – Post-Doctoral Researcher, Institute of Middle Eastern Studies, Northwest University, Xi'An, China. Beilin, Huancheng S Rd West Section, Xi'An, Shaanxi, China, 710069.
E-mail: yushan19@mails.jlu.edu.cn

Shan Yu – PhD, Scholar, School of Economics, Jilin University, Changchun, China. Chaoyang District, 2699, Jilin, Changchun, China, 130012. E-mail: yushan19@mails.jlu.edu.cn

Conflict of interests:

The authors declare the absence of conflict of interests.

УДК 339.9, 327

Поступила в редакцию: 23.07.2022 г.

Принята к публикации: 28.09.2022 г.

Китайско-пакистанский экономический коридор: решение проблем безопасности в Белуджистане посредством торговли и развития

Хашмат Уллах Хан¹, Шан Ю²

[DOI 10.24833/2071-8160-2022-5-86-135-149](https://doi.org/10.24833/2071-8160-2022-5-86-135-149)

¹ Северо-западный университет, Китай

² Цзилиньский университет, Китай

В статье анализируются перспективы реализации проекта Китайско-пакистанского экономического коридора для развития пакистанской провинции Белуджистан, крупнейшей провинции Пакистана, богатой природными ресурсами. Её стратегическое

значение обусловлено географическим положением, протяжённой береговой линией, расположением порта Гвадар и недавно запущенным проектом по созданию Китайско-пакистанского экономического коридора. Провинция при этом остаётся экономически наименее развитой, а её политическое влияние в стране – крайне незначительным. Регион сталкивается с проблемой крайней нищеты, отсутствия экономических возможностей, несмотря на её значительный экономический потенциал, сепаратистских движений, террористической активности и политических конфликтов с федеральным правительством. Экономическая отсталость является одной из ключевых причин всех политических проблем региона. В этой связи необходимо оценить перспективы проекта Китайско-пакистанского экономического коридора для экономического, социального и политического развития провинции, а также для решения проблемы сепаратизма. Создаваемый экономический коридор открывает потенциальные возможности для улучшения экономической ситуации в провинции и регионе в целом, поскольку способствует притоку прямых иностранных инвестиций из Китая, созданию рабочих мест, стимулирует развитие инфраструктуры путём создания специальных экономических зон и связывает экономики Азию в рамках сложной торговой сети. В статье обосновывается, что Китайско-пакистанский экономический коридор сможет снять политическую напряжённость, принести мир и обеспечить развитие, сократить бедность и улучшить условия жизни в стране и в регионе.

Ключевые слова: Китайско-пакистанский экономический коридор, Пакистан, Китай, Белуджистан, экономическое развитие, безопасность

Информация об авторах:

Хашмат Уллах Хан – научный сотрудник, Институт ближневосточных исследований, Северо-Западный университет, Сиань, Китай. E-mail: yushan19@mails.jlu.edu.cn

Шан Ю – PhD, научный сотрудник, Школа экономики, Цзилиньский университет, Чанчунь, Китай. E-mail: yushan19@mails.jlu.edu.cn

Конфликт интересов:

Авторы заявляют об отсутствии конфликта интересов.

References:

- Acemoglu D. 2012. *Why Nations fail: The Origins of Power, Prosperity, and Poverty*. Crown Publisher.
- Ahmad R., Mi H. 2017. China-Pakistan Economic Corridor and Its Social Implication on Pakistan: How Will CPEC Boost Pakistan's Infrastructures and Overcome the Challenges? *Arts Social Science Journal*. 8(2). P. 1-8.
- Ahmar M. 2014. Strategic Meaning of the China-Pakistan Economic Corridor. *Strategic Studies*. 28(4). P. 35-49.
- Ahmed M. 2017. China Pakistan Economic Corridor: The Economic Implications for Balochistan. *Regional Studies*. XXXV(2). P. 90-113.
- Ahmed M., Baloch A. 2015. Political Economy of Balochistan, Pakistan: A Critical Review. *European Scientific Journal*. 11(14). P. 274-293.
- Ahmed M., Baloch A. 2017. The Political Economy of Development: A Critical Assessment of Balochistan, Pakistan. *International Journal of Academic Research in Business and Social Sciences*. 7(6). P. 1026-1045.

Anwar Z. 2011. Development of Infrastructural Linkages between Pakistan and Central Asia. *South Asian Studies*. 26(1). P. 103-115.

Ashraf E. 2020. Economic Visions and the Making of an Islamabad–Beijing–Riyadh Triangle: Assessing Saudi Arabia's Role in the China-Pakistan Economic Corridor. *Dirtasat*, No. 58, King Faisal Center for Research and Islamic Studies.

Bengali K., Pasha A.G. 2005. Pakistan. Ann L. Griffiths (ed.). *Handbook of Federal Countries, for Forum of Federation*. McGill-Queen University.

Brunner H.P. 2013. What is Economic Corridor Development and What Can it Achieve in Asia's Sub-regions? Manila, Philippines: *Asian Development Bank Working Paper Series*. No. 117.

Fukuyama F. 2012. *The Origins of Political Order*. New York: Farrar, Straus and Giroux.

Haq R., Zia U. 2013. Multidimensional Well-being: An Index of Quality of Life in a Developing Economy. *Social Indicator Research*. 114(3). P. 1-18. DOI: 10.1007/s11205-012-0186-6

Holmes R. 2013. *What is the Evidence on the Impact of Employment Creation on Stability and Poverty Reduction in Fragile States?* London: Overseas Development Institute.

Khalil J., Parveen S. 2015. Gwadar-Kashgar Economic Corridor: Challenges and Imperatives for Pakistan and China. *Journal of Political Studies*. No. 22. P. 351-366.

Malik M. 2013. *Balochistan Conundrum*. Islamabad: Poorab Academy.

Pasha H.A. 2015. Growth of the Provincial Economies. Islamabad, Pakistan: Institute for Policy Reforms. URL: <http://ipr.org.pk/wp-content/uploads/2016/04/GROWTH-OF-PROVINCIAL-ECONOMICS-.pdf>

Rashid R., Zia M.M., Waqar S. 2018. Employment Outlook of CPEC: A Meta-Analysis. *Centre of Excellence for CPEC Islamabad*, Working Paper. No. 28.

Rizvi H.A. 2016. The China-Pakistan Economic Corridor: Regional Cooperation and Socio-Economic Development. *Strategic Studies*. P. 1-17.

Saleem A.H. 2017. CPEC and Balochistan: Prospects of Socio-political Stability. *Strategic Studies*. No. 4. P. 118-132.

Sheng Z. 2014. From the Past to the Future. *Beijing Review*. 57(13). P. 45-53.

Wagner C. 2016. *The Effects of the China-Pakistan Economic Corridor on India-Pakistan Relations*. Berlin.

Wirsing R. 2008. *Baloch Nationalism and the Geopolitics of Energy Resources: The Changing Context of Separatism in Pakistan*. Strategic Studies Institute.