

Role of China-Pakistan Economic Corridor (CPEC) in Economic Development of Balochistan:

By

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Abstract:

The CPEC is considered to be the most crucial project of the Asian countries including Pakistan and China. It not only enhanced the importance of the Gwadar region of Pakistan but also remove the problems of the people of Baluchistan. The present research has entailed the effect of CPEC on the local community of Baluchistan. The key findings were elaborated through the primary and secondary research data. The review of the literature suggested the non-availability of the actual facts and figures and till the completion of CPEC; it will be difficult to describe the accurate figures. Although the CPEC will profit Pakistan in enhancing the regional cooperation of Central Asia however, the primary data which was collected through the interviews of local people explained the importance of CPEC for the growth of Baluchistan and Pakistan as well. It was also described by some intellectuals that the Governmental policies must evaluate the CPEC paradigm and utilize it in the proper manner. The future options are recommended to design a mixed method approach along with a large number of conducted surveys. It will provide a larger picture in regard to CPEC and its impact.

Keywords:CPEC, Gwadar Port, Regional Cooperation, Economic Development

Introduction:

China-Pakistan Economic Corridor (CPEC) is a flagship project between China and Pakistan under the Chinese grand design of One Belt One Road (OBOR) with a vision to connect China through the entire region and

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beyond with massive infrastructure development. China–Pakistan diplomatic relationship formalized in 1963 which has evolved over the decades into an all-weather friendship grounded on shared interests. Both China and Pakistan consider themselves to be a key ally of each other. On April 2015 this decade-old partnership has entered into a new phase of cooperation when China and Pakistan formalized CPEC, initially comprising of fifty-one agreements and memorandum of understanding having a total worth of \$46 billion, now valued at \$62 billion over the next 10 to 15 years (Sial, 2014). Through CPEC it is envisioned to enable and promote connectivity across Pakistan by raising up an entire system infrastructure of highways, railways, ports, fiber optic cables, oil and gas pipelines with energy, industrial and several other mega infrastructure developments projects and to resolve stern energy shortfall to enable a steady economic development and growth (Mirza, 2015).

As per funds allocated through CPEC, Baluchistan emerged as a second most attractive region with the primary allocation of \$7.1 billion out of initial \$46 Billion as per the statics of the Ministry of Planning, Development, and Reform (Long Term Plan by Ministry of Planning, Development, and Reform). Gwadar, due to its geostrategic location, is being developed into a fully functional deep-sea water port that will connect China and Pakistan to Asia, the Middle East, Europe, and Africa. Several industrial zones are proposed in Baluchistan under CPEC which comprises of major cities in the province including Gwadar, Quetta, Khuzdar, Hub, Dera Murad Jamali and Uthal.

The multidimensional component of The CPEC is a great design that not only fulfills the mode of connecting the region from Asia to the Middle East to Europe to Africa but also brings the stable financial fruits of the regional economics with greater cooperation and integration in the whole region that will produce immense opportunities for materializing peaceful economic revolution (Finance Division, Government of Pakistan, 2016).

Literature Review:

According to Ritzinger (2015) report, the Pakistan-China friendship is regarded as “All-Weather friendship”. In accord with the geopolitical ambitions of China, Pakistan has become a stronger base for producing dynamics in the regional alliance against US (Sial, 2014). However, China has also proved to be a reliable alternative for Pakistan to the United States. Furthermore, Ali (2015) enunciated that CPEC is a flagship initiative of China’s One Belt One Road vision for initiating the

link ups between various countries and enhance the trade opportunities. The China Pakistan Economic Corridor, in this regard, is regarded as the multi-billion-dollar infrastructure project which has heralded as a game changer for the economic situation of Pakistan and hence, enhances the regional cooperation (Wolf, 2016). However, in CPEC China is committed to investing \$46 billion to develop the local network of roads and energy projects for the development deals. China added more \$8 billion during the summit, which held at Beijing (May 2017) which was termed as the largest direct foreign investment in Pakistan.

Keeping in the view, the effects of the CPEC would impact every sector of the country. It can be conceptualized that the CPEC will have a side effect on generating awareness about education among the people of rural areas and can effectively attain the prospects of literary individuals. In this regard, both the countries have agreed to the terms of developing their poverty-ridden areas and improvised the livelihoods. The generation of job opportunities and hiring of most Pakistanis would ultimately lead to the decrease of a burden on the government and thus, the unemployment rate would also be reduced. It would have effect in significant control of the crime that is the outcome of the unemployment in the country.

The supposition is made on the income generation through CPEC will be thrice. As per the report, the toll income of China Pakistan Economic Corridor only will be equivalent to the three folds of US 50-billion-dollar national budget of Pakistan by 2030. In regard of Zulfiqar Ali, the director of Board of Investment (BoI), during a press brief has enunciated that the national investment agency has strived for enhancing the Foreign Direct Investment (FDI) on the mark of 250 billion-dollar for development of infrastructure along with different industrial activities by 2025 with joint venture between China and Pakistan. Further, it was added by the director that nine more SEZs have approved on a priority basis for boosting up the economy and generation of income (Salim, 2017, Report). Special Economic Zone (SEZ) is a location specially designated in a territory to enhance and boost industrial growth with more relaxed regulations with respect to economics and tax in comparison to general economic policies in the country (Markey & West, 2016).

Pakistan formalized SEZ laws in 2012 (Jain, & Bimal, 2014). SEZ Act facilitates setting up SEZs either by Central or the Provincial Governments or with private sector partnership or exclusively by the private sector. Several Industrial states have already been promoted to SEZ by the Government of Pakistan. Planning Commission of Pakistan

has revealed plans of setting up 27 SEZ across the country under CPEC by making Gwadar SEZ as a model spread over an area of 3000 acres on the special discretion of China. The number of SEZs is Eight SEZs in Khyber Pakhtunkhwa, Seven in Baluchistan, Seven in Punjab and Three in Sindh. In this regard, the Federation of Pakistan Chambers of Commerce and Industry (FPCCI) is indulged in an agreement with The Belt & Road Service Connection (BNRSC) for the promotion of mutual understandings on the enhancement of successful businesses.

In the business process, as explained by a report (DAWN), the 34 countries and international organizations have signed the inter-governmental cooperative agreements in the “Belt and Road” initiative (Report, The News, 2016). The China Pakistan Economic Corridor is building a new chapter in the history of business development by providing the cooperation, assistance, and mutual bindings in terms of outsourcing of material across the globe.

Pakistan and China had recently inked more than three-dozen trade agreements for exporting goods to Beijing, valued at \$325 Million to overcome the apprehensions of the private sector for negative inferences of trade deals on a government-to-government level. The agreement between Pakistan-China Trade Cooperation Projects was signed at Islamabad, a total of 18 Chinese companies were present making the 38 trade deals official worth \$325 Million (Hussain & Hussain, 2017).

Enhancing Pakistan’s exports are crucial to lessen the country’s debt issue and strengthening the economy (Rizvi, 2015). CPEC will facilitate the local businesses with a reduction in the cost of production and transportation due to the construction of new transporting facilities as well as continuous power supply. This will not only give attractive opportunities for new investments but also lead to job creation in the economy of Baluchistan as well as Pakistan.

Research Design and Methodology:

In consideration of the current study, the researcher has designed three objectives which are elaborated as under:

1. To analyze the Economy of Baluchistan from 1970-2014
2. Importance of CPEC in perspective of Baluchistan.
3. Impact of CPEC on the Economic development of Baluchistan

For fulfilling the objectives, the researcher has gathered the primary and secondary research data. The secondary data concerned with the

available literature and explained the gap in the findings which were analyzed and addressed. This research design is based on the qualitative research methodology. The questionnaire is in the form of semi-structured interviews which are elaborated and discussed. The researcher had itself carried out the interviews with various intellectuals, government personnel, and technical people. However, the study parameters were to analyze the responses of the answers which were enunciated by the intellectuals. The study had obtained its sample from non-probability sampling technique that is referral or recommendation technique had adopted. Further, the researcher had selected 14 individuals or personnel which included research scholars, professors, assistant professors and government functionaries. Furthermore, it contained 17 questions of which 13 were close-ended questions and rest were the open-ended questions. The semi-structured interview was done with the 15 participants whose opinions were collected after signing of the consent form. However, the interview had consumed an estimated 10-15 minutes which would be assessed and transliterated into various situations.

Table 1: Questions in the proposed study

Close-Ended questions		Scale of questions			
S.No.	Questions	Strongly Disagree=1	Disagree=2	Agree=3	Strongly Agree=4
1	CPEC is beneficial for Pakistan				
2	CPEC will Change the future of Pakistan				
3	CPEC has the potential to promote the economic development of Baluchistan				
4	CPEC will encourage investment in Baluchistan				
5	You are convinced about the Federal Government claim about the Western Route of CPEC				
6	CPEC will bring				

	Baluchistan into the mainstream after the implementation				
7	The business community will get benefit from the CPEC route.				
8	CPEC will reduce the issue of poverty in Baluchistan.				
9	CPEC will increase the per capita income of Baluchistan.				
10	CPEC will generate the job opportunities for Baluchistan's Youth.				
11	CPEC will encourage regional trade				
12	CPEC will result in a major transformation in the life of people in Baluchistan.				
13	People of Gwadar will be the main beneficiaries of CPEC.				
Open-Ended Questions		Comments			
14	Will CPEC reduce the provincial disparities?				
15	Some politicians and intellectuals believe that Gwadar port project and CPEC would bring unfavorable demographic changes in Baluchistan. Your Comment.				
16	What role can				

	local government play in economic development of Baluchistan?				
17	If you have any suggestion regarding this project then feel free to mention it here.				

Results and Conclusion:

The results of the present study have stated positively. Majority of the participants including a governmental functionary has supposed to describe the role of CPEC in the betterment and improvement of Baluchistan. It is critically evaluated in the research that the CPEC would cast a far-reaching effect on the people of Baluchistan. A concern of changing of societal norms and conditions was attributed to the CPEC affectivities. The participants explained that the Chinese infiltration in the region can induce the change in the societal structure. The participants endorsed that the initiative of the CPEC if the impact on the society positively then the change must be acquired and adopted.

It is concluded that the role of the CPEC will put a positive impact on the growth and development of Baluchistan. According to the literature review, it is explained and reiterated that the CPEC would be a 'Game changer' if the Governmental policies drive the outcomes of CPEC in the right direction. The future options of the current research are to enlarge the sample population and the survey can be conducted online to gather the opinion from a variety of resources.

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