

**A STUDY OF CHINA PAKISTAN ECONOMIC  
CORRIDOR IN PERSPECTIVE OF INTER-  
PROVINCIAL CONTROVERSY**

**By**

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PERSPECTIVE OF INTER-PROVINCIAL CONTROVERSY**

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## ABSTRACT

### Thesis Title:

### A STUDY OF CHINA PAKISTAN ECONOMIC CORRIDOR IN PERSPECTIVE OF INTER-PROVINCIAL CONTROVERSY

The China-Pakistan Economic Corridor (CPEC) is one of the latest ventures in the bilateral history of Pakistan-China relationship since 1950's, with a overall forty six (46) billion dollars economic cooperation to be invested in the infrastructure and energy development of Pakistan. This multi-billion dollars project and has been described as game-changer as well as turning point in economy history of Pakistan. Being part of the Chinese vision of one belt one road initiatives, this flashing project is designed to connect the western parts of China- Kashgar to the Gwadar city of Pakistan in the Arabian Sea, would opens gateways to the Central Asia, Middle East, Africa and Europe. Beside the strategic value for both countries, Pakistan and China, CPEC has the potential for economic development across the region. It would generate new economic opportunities, employments, reduce poverty, and attract foreign investment in Pakistan.

This huge investment project faces numerous challenges as well. Apart from its international and regional challenges, CPEC also faces challenges from the domestic setup of Pakistan. It remained a controversial project amongst the federating units of Pakistan. The debates and controversy amongst various provinces of Pakistan, has already caused damaged to the project and even the Chinese Embassy in Islamabad was once compelled to release its statement asking the government of Pakistan to resolve the so-called controversy. Much more objections were recorded from the province of Baluchistan and Khyber Pukhtunkhwa. Despite consultation, briefing and all parties' conference by the federal government, many political leaders across Pakistan, continue to show opposition to the project and called it China-Punjab project. This dissertation has reviewed and analyzed the charges of the opposing parties against the center and the dominated province of Punjab. The stances of various provinces of Pakistan regarding CPEC have been examined in this thesis in detail.

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## **ABBREVIATIONS**

ADB	Asian Development Bank
ANP	Awami National Party
BLF	Balochistan Liberation Front
BNP	Balochistan National Party
BRI	Belt and Road Initiative
CM	Chief Minister
CPEC	China-Pakistan Economic Corridor
DTMB	Digital Terrestrial Multimedia Broadcast
FATA	Federal Administered Tribal Agencies
FWO	Frontier Work Organization
GB	Gilgit Baltistan
GDP	Gross Domestic Product
JCC	Joint Cooperation Committee
JUI	Jamiat Ulema-e-Islam
KKH	Karakorum Highway
KP	Khyber Pukhtunkhwa

KPEC	Khyber Pass Economic Corridor
KPK	Khyber Pukhtunkhwa
MOU	Memorandum of Understanding
NATO	North Atlantic Treaty Organization
NDRC	National Development and Reform Commission
PECEC	Pakistan China Economic Corridor
PM	Prime Minister
PMLN	Pakistan Muslim Leagues Nawaz
PPP	Pakistan People Party
PRC	People Republic of China
PTI	Pakistan Tehreek-e-Insaf
QWP	Qawmi Watan Party
SEATO	South East Asian Treaty Organization
SIPRI	Stockholm International Peace Research Institute
STPP	Sindh Taragi Pasand Party
UN	United Nations



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## CHAPTER NO 1

### INTRODUCTION

Both Pakistan and China have enjoyed its long term friendship for decades. The mutuality of interest in regional security and development between Pakistan and China shaped their multi-faceted relations. Pakistan-China relations have enjoyed proximity and closeness. The long standing friendships between these two countries have been based on mutual trust and benefits. Both countries have same identity of views on the political and economic issues in the region and world at large. The warmth in Pakistan-China trustworthy friendship can be seen in the statement of its leadership. The ex. Prime Minister of Pakistan Nawaz Sharif said that “our friendship is higher than the Himalayas and deeper than the deepest sea in the world, and sweeter than honey.”<sup>1</sup> The President of China Xi Jinping stated “I learned that the Pakistani people were working hard to build their beautiful country, and that Pakistan opened an air corridor for China to reach out to the world and supported China in restoring its lawful seat in the United Nations. The stories have left me with a deep impression.”<sup>2</sup>

From the very beginning the relations between Pak-China have endured constant. Friendship of Pak-China based upon mutual cooperation. The two countries never interfered in their personal affairs. Around the World the 21<sup>st</sup> century has seen the formation of global and regional strategic environment. Among the countries this stimulates Geo-strategic and Geo-economical association. The interest and national security of both countries is essential framework for this cooperation. Both countries have realized that it is essential for them to reshaped their policies for protect their own capabilities.

China is the powerful nation of Asia so they play a significant role to stabilize, balance or keeping the peace into the region. China foreign policy towards South Asia is based on respect, mutual trust and sovereignty of independent state. Economic interest is the main and biggest concern and for that purpose they keep good ties with every big and small nations of Asia. China also works for stability and peace for world as the permanent member of UNSC. In the earlier decades China was considered a sleeping monster but China is now playing a crucial role in the Asian region as well as in the whole World. China has a good neighboring policy to promote itself as an interdependent instead of competitive relation towards neighbor countries. Pakistan has also been trying to build friendly relation with other countries. The essential part of Pakistan foreign

policy has been to conserve friendly relations with China. On this way, it helps in conserving balance of power for Pakistan in the regions.

A great change occurred when in 2013 the two countries agreed to connect the city of Kasghar with Gwadar Port. They give it a practical shape through a network of railway, pipelines and roads. This project was at last formally launched in April 2015. Therefore, the geopolitical position of Pakistan has acquired importance with the assist of China in the region as well as the whole World. In the past few years, both countries have been trying to revive the oldest trade route which is well known as Silk Road from Kasghar to Gwadar. CPEC will assist Pakistan to upgrade economic, trade as well as Geo-strategic environment. It will also provide opportunity to China to become the World first economic power.

It is the dream of the Chinese government to build the multidimensional project of one belt one road initiative, to connect western parts of China to South Asia, Central Asia, and Europe – through Silk Road. Pakistan's geo-strategic location is indeed a right direction for the successful implementation and initiating of one belt, one road, dreams of China, and CEPC is one of the vital project of the grand strategy. CPEC project was conceptualized during the time of General Pervez Musharraf period, and the routes of this project were finalized during the time of President Asif Ali Zardari. Till 2013 this project as a whole remained uncontroversial. As a result of national election in Pakistan in 2013, the Nawaz Sharif became the Prime Minister of Pakistan. The Nawaz government followed and continued the efforts of its previous government for close interaction with the Chinese government. Thus on 27<sup>th</sup> August 2013, the China-Pakistan Economic Corridor Secretariat was jointly inaugurated by the vice chairman of National development and reforms commission of china, Zhnag Ahsan Iqbal, the Federal Minister for planning and development of Pakistan.

The Chinese government promised and offered a sum of \$46 billion dollars to the government of Pakistan as loan and investment in mainly three major areas including transport, energy, and industry. With such cooperation between the two countries, a new horizon of relations between Pakistan and China started that shocked its competitors at regional and global stage. The CPEC project has expected to bring positive change for Pakistan as well as China. It has also many Challenges and security threats for implementation of this project. At domestic level in Pakistan

controversy amongst the provinces started regarding CPEC and the central government face though challenges to overcome the crises.

### **Statement of the Problem**

This huge investment project, CPEC faces numerous challenges at the international and regional levels. However, the domestic political scene of Pakistan and the inter-provincial interests and rivals cannot be ignored. The benefits of CPEC for Pakistan are many, but the opportunities and benefits for Pakistan can be sideline if the controversies amongst provinces over CPEC were not resolved. The debates and controversy amongst various provinces of Pakistan, has already caused damaged to the project. Punjab and Sindh provinces are considered the more beneficiary provinces of Pakistan, while the rest of two provinces are assumed to get fewer benefits from this project. As a result too more objections were recorded from the province of Baluchistan and Khyber Pukhtunkhwa. Despite consultation, briefing and all parties' conference by the federal government, many political leaders across Pakistan, continue to show reservations over the project and called it a one province dominated project. This dissertation has reviewed and analyzed the charges and reservations of opposing provinces against the center regarding CPEC project.

### **Work already done**

The topic of the thesis is a unique one, not anyone has so far done any work on it. Scholars and academicians have already written books, articles and reports generally on CPEC but no specific work regarding inter-provincial controversy in Pakistan on the project CPEC have been done. Only few newspapers reports are there, but those are less research based. Thus an analytical examination of the CPEC and inter-provincials controversy in Pakistan is needed to be explored. This thesis made an attempt fill the gap in knowledge to discover.

### **Significance of the Research**

The China Pakistan Economic Corridor project is indeed important for both countries. For Pakistan is has many benefits. Though CPEC has many challenges but its successful implementation is very important for the survival of Pakistan. The interprovincial controversy on CPEC needed special considerations, and this dispute need to be resolved by the government and people of Pakistan on urgent basis.

This thesis is important for the students and general learner to know about the inter-provincial controversy in Pakistan on CPEC initiated by the Chinese government for the economic development of Pakistan, along with the Chinese dreams of connecting its country regional and internationally. For the students of Pakistan Studies, History and political sciences, this research work seems to be too important. It will also be beneficial for the political leaders of Pakistan to understand the importance of this mega project for Pakistan and overcome peacefully the interprovincial debates and controversy amongst the provinces. This research work is also useful for policy makers in Pakistan to understand the very dynamic fabric of political culture where politics amongst provinces and within certain elements is so high and injustice to any federating unit in any national development project is hardly to be accepted in this technological advancing world.

### **Aims and Objectives of the study**

The sole aim of this thesis is, to analyze and examine the international provincial controversy on CPEC in Pakistan. Objectives of this thesis are as under:

1. To examine the inter-provincial controversy in Pakistan on CPEC.
2. To analyze the western-eastern route controversy amongst the provinces of Pakistan on CPEC.
3. To find out the reservations of Baluchistan and Khyber Pukhtunkhwa on the prioritization of the CPEC in Pakistan.

### **Research Questions**

1. What is the interprovincial provincial controversy in Pakistan on CPEC?.
2. How the western-eastern route controversy amongst the provinces of Pakistan on CPEC was initiated?
3. What are the main reservations of Baluchistan and Khyber Pukhtunkhwa of CPEC?

### **Hypothesis**

The injustice of the federal government in Pakistan on the distribution of various CPEC projects has created uncertainty amongst the provinces and led ultimately to a long run controversy in Pakistan.

### **Research Methodology**

The topic of this research work is of recent years and one of the contemporary problems in Pakistan, thus Descriptive research has been used in this thesis to examine the international provincial controversy on CPEC in Pakistan. Apart from qualitative research method, quantitative research method is also utilized. Both primary and secondary sources are used. IPRI, ISS, and IRS etc like research institutions have been approached for data collections along with National Library of Pakistan and other libraries of various universities in Islamabad. An effort is made to put a real picture of this “indispensable partnership” and the interprovincial realities before the readers. Mostly the primary sources include governments reports, speeches, statements and agreements etc. Books, journals, and news papers articles along with research reports of various institutions have been used for this study.

### **Literature Review**

The existence literature on CPEC is diverse in nature. A lot of literature is available in the forms of books, articles in journal, newspapers, reports etc, but the particular literature on this thesis topic is rare but certain reports in the newspapers are encourageable to proceed for better research work.

A Pakistani government report of the Ministry of Planning, Development and Reforms on CPEC noted that China Pakistan Economic Corridor is cementing bilateral economic relations between the two countries “promoting friendly cooperation, and establishing the shared destiny of the two countries. The report further noted that this huge mega project is an economic developmental project not only for the two countries Pakistan and China but “for the benefits of the people of the region.”<sup>3</sup>

Proceeding of the International Conferences on CPEC published by the center for excellence China Studies in GC University it is noted that this corridor is really beneficially

economically for Pakistan and all economic opportunities throughout Pakistan would be soon arise.<sup>4</sup>

The Book of M. Hameed, the politics of CPEC, represents an academic assessment of CPEC in regional and international perspective. It highlights the friendly relations between Pakistan and China and the convergence of their economic objectives in the region. It is noted: “center province friction has manifested itself through the CPEC route controversy. Provincial governments have objected to the change in route of the roads and railways projects.” Further it was stated: “is no difference between eastern and western route” but the fears amongst provinces in Pakistan generated controversy “that central political elite is giving priority to the eastern route- the route that priorities development in central Punjab”.<sup>5</sup>

The strategic dimension of CPEC has been examined in the works of Dr. Shabir Choudhry titled “Is CPEC Economic Corridor or a Strategic Game Plan?”, published in 2017. It is analyzed that CPEC is considers a game changer, but debate are still there on the very nature of this project that either the game will be change in favor of Pakistan or against it.<sup>6</sup>

A report of the Stimson Center on CPEC, noted that the Pakistan People Party (PPP), the sole opposition to the PML-N, in the centre raised its voice and concern on CPEC. Its reservations were regarding the central government that it has ignored the western route that passes through Sindh. Even the PML-N leadership was accused by PPP leaders that it has neglected smaller provinces within Pakistan and just focus on giving benefits to the business community in Punjab.<sup>7</sup>

The book China-Pakistan Relations: A historical analysis written by Ghulam Ali, published from the Oxford university press in 2017, examines the bilateral relationship between Pakistan and China since 1947. It’s a very good source for the students who are interesting to know the nature and directions of Sino-Pak relations in historical perspective. In this book the author also examined the contemporary issues between both countries and emphasizes on the both government for the implementation of the CPEC project.<sup>8</sup>

Another latest book on CPEC is written by Jeans find out that the during Chinese president visit to Pakistan the then Pakistani PM Nawaz Shairf said that from CPEC all areas and provinces of Pakistan will get benefits. Chinese president also issued that same statement. The book noted: that even the Baluchistan Chief Minister was the main official of CPEC project was not aware of

the overall project, which was changed and reshaped by the Punjab dominated federal government, and later on the same central government was reluctantly behave that the dominated province of Pakistan (Punjab) would be the main beneficiary of this project.<sup>9</sup>

The M. Abid and Ayesha article "CPEC: Challenges and opportunities for Pakistan", has well wrote article that noted CPEC will change the fortune of Pakistan and will also assist to developed. They also explore that the CPEC project become a great worry for the countries who are enemy of Pakistan like India, Israel and US.<sup>10</sup>

Muhammad Amir Rana in "CPEC challenges for Pakistan" *Dawn May 17, 2015*, explores that the project is facing immense security challenges for Pakistan. He also said that the security threats will increase more after work start on CPEC project. According to him CPEC project is hoping to change the economic environment of Pakistan.<sup>11</sup>

A report of the Gandhara organization noted the CPEC has divided the Pakistan provinces. Mostly leaders form the two minority provinces Baluchistan and KP worried over the dominance of Punjab province.<sup>12</sup>

The book of A. Small, the Pak-China Axis has indicated that on CPEC "fight was already brewing over the routing of the infrastructure. While the original set of connections was largely set to traverse Baluchistan and Khyber Pukhtunkhwa, an additional eastern alignment running through Lahore had been added, and appeared to be slated as the first to be constructed", that erupted the provincial controversy in Pakistan.<sup>13</sup>

## **Scheme of Study**

This research work is consisted of five chapters.

Chapter no. 1 is introduction that introduces this research work. Its regarding the statement of the problem, aims objectives, research questions, methodology, significance of the study, and rich materials of literature review.

Chapter no. 2 is about the historical background of Pakistan-China relations. In this chapter there is a brief discussion on the relations of both the countries from 1947 to onward. Different agreements and the attitude of both the countries on different happenings are discussed in the



detail. It is the in depth analysis of bilateral relations that shed lights on the dynamic functioning of their friendly relations turned into an economic opportunity in the shape of CPEC.

Chapter no. 3 is on China Pakistan Economic Corridor (CPEC). This chapter has examines the very nature of CPEC, its importance for Pakistan, and the various projects of this program. Provincial distributions of the CPEC projects have been explored and their assessments in amount are showed to know about the financial distribution of this project amongst the provinces of Pakistan that lead towards controversy.

Chapter no. 4 is about the provincial controversy regarding CPEC. It gives a brief account of four provinces factors and their favor and unfavorably decisions from government side. It also gives a view of Chinese perspective and Pakistani perspective about the corridor. It has find out the reservations of various provinces of Pakistan and especially the Baluchistan and KP objection has been discussed in detail.

Chapter no. 5 is about the inter-provincial controversy on CPEC. It has analyzed the very nature of this controversy. The western-eastern route Dilemma and the prioritization of various of CPEC have been examined.

Conclusions dealt the summery and finding of the thesis and suggest that the interprovincial controversy need to be resolved peacefully and the central government need a comprehensive policy to address the issues in a successful way.

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## **CHAPTER 2**

### **PAKISTAN-CHINA RELATIONS:**

#### **A HISTORICAL BACKGROUND**

China is one of Pakistan's closest allies. The relationship between Pakistan and China is a good example of long term friendship based on mutual trust, respect and mutual benefits. Pakistan seeks to use China's influence in the region to safeguard its own regional political interests. It's all about the balance of power between Pakistan and India. The relationship with China beyond the significant economic importance - China is by far the largest foreign investor - has a central strategic importance for Pakistan. As a result, there is intense engagement on both sides in civilian as well as defence spheres. In political circles in Pakistan, relations with China are seen as more important and more existential in the long term than those with the USA.

The two countries laid the foundations for the close ties in the early 1950s. Pakistan was not only the first country to recognize the newly-formed Chinese Republic, but was the first Muslim country to make that move. The recognition by Pakistan was of great importance, to the people and government of China, as it gave the country access to world of non-communist. During the Chinese's Cultural Revolution period, when China was internationally isolated, Pakistan took the diplomatic initiative and mediated between the United States and China. Without Pakistan's support and diplomatic resolve, US President Nixon's visit to Beijing in 1972 would not have taken place. Pakistan was also one of the countries that significantly accelerated the transfer of the UN seat of former China to the PRC, in October 1971. In China, Pakistan is therefore seen as a loyal partner who stood on China's side in difficult times and pulled it out of international isolation. Above all, Pakistan benefits militarily and economically from its familiar relations with China.<sup>1</sup>

Since 1966, there has been close military cooperation between the two countries, which in 1972 led to a strategic alliance. Pakistan has since been receiving a significant portion of its military equipment from China. The country has become Pakistan's largest supplier of defense equipment and military know-how. In addition, due to the rapid economic rise of China, the economic engagement with Pakistan is good example of friendship amongst these two countries. The investment volume amounts to US \$ 46 billion in the coming years, with which China

intends to develop CPEC, an initiative of the new Silk Road. China has a clear objective with the CPEC: direct access to the Arabian Sea via Pakistan.<sup>2</sup>

Cooperation between Pakistan and China began in the late 1940s, when Pakistan sought to establish trade ties with Beijing through the Xinjiang Uygur Autonomous Region, and exchanged goods for many years between the two sides. In January 1950, Sino-Pakistani relations were established. Both sides agreed on the peaceful co-existence of five principles. Since the 50's the two countries are developing diplomatic relations on strong footings. In the period 1960 - 70s there is an even greater activation of bilateral cooperation. This period of relations had an anti-Indian orientation. Pakistan attached great importance to cooperation with China. Military cooperation between China and Pakistan began in 1966, and in 1972 a strategic alliance was formed. Pakistani-Chinese relations intensified as a result of Pakistan's support for the view that China should be admitted to the UN, China supported Pakistan on the Kashmir issue, and several agreements were concluded between the two states.<sup>3</sup>

In the 1950's, several reciprocal visits were made between Pakistan and China. In 1956, Zhou Enlai, speaking in Lahore, pointed out that "the geographical position of China and Pakistan requires an established cooperation in the field of industry, trade, culture; both countries must jointly fight for the preservation of peace throughout the world. During the same period, Zhou Enlai said with the hope that Pakistan and India would resolve the Kashmir dispute through bilateral negotiations but he shied away from taking a clear position on the question of Kashmir's belonging. It is noted that the strengthening of relations between Pakistan and China in these years, was the real manifestation of both countries leadership for strong bonds.

In particular, Pakistan was actively approaching China. Pakistan-China relations were established in January 1950. On April 21, 1955, during the Bandung Conference, Zhou Enlai met with Pakistani Prime Minister Muhammad Ali Bogra during which, as described by the Chinese prime minister, the Pakistani leader stated that although Pakistan is a member of the military alliance, he "is not opposed to China "and does not fear that China can commit aggressive actions against it. Calling China "a friendly and peaceful neighbor, M.A. Bogra assured Zhou Enlai that his country's participation in SEATO was in no way directed against China's interests and offered its mediation between the US and China in solving problems such as Taiwan.

In October 1956, the Prime Minister of Pakistan Suhrawardi visited China. During this visit, the parties also stressed the intention to develop their relations on mutual interest's basis. On July 20, 1957, the Minister of Foreign Affairs of Pakistan, speaking at a press conference, expressed satisfaction with Mao Zedong's statement that China intends to maintain neutrality in the question of Kashmir.<sup>4</sup>

In 1958, Ayub Khan came to power in Pakistan, was signed a military agreement with the United States. At the end of 1959, after the Tibetan uprising and aggravation of the situation on the Indian-Chinese border, the Pakistani side expressed concern over the ongoing events in Ladakh, fearing that this could damage Pakistan's interests in Kashmir. On January 19, 1960 Ayub Khan expressed his fear that "China can penetrate south of Hindustan through Burma, and Russia through Afghanistan and Iran, and this" penetration "will not necessarily be military:" communist regimes "can penetrate" ideological character". In this regard, the Pakistani leader put forward a proposal for "joint defense" of the countries of South Asia.<sup>5</sup>

Back in 1960, Peking refused to discuss the issue of the Kashmiri border section west of the Karakorum Pass on the grounds that it was "not the subject of these negotiations," citing the fact that this site restricts China from part of the territory of Kashmir that is under control Pakistan. India expressed to the Chinese side "surprise" and evaluated this position as China's refusal to recognize India's stand on Kashmir.

In March 1961, the Pakistani government invited the Chinese authorities to begin negotiations on the delineation of the border between Kashmir, or rather, that part of Kashmir that was under the jurisdiction of Pakistan, Xinjiang. Although it was a question of hard-to-reach areas where the demarcation of the border on the ground is not possible, nevertheless, as noted by the Pakistani side, it is in the interest of both countries to determine the passage on the map. In this case, it will be possible to prevent clashes by armed patrols of both sides.

In December 1961, during a conversation with the Chinese ambassador in Pakistan, Ayub Khan asked if the Chinese side intended to begin negotiations on the border issue. The Chinese ambassador said that this is a "very difficult issue," Ayub Khan, in turn, noted that the problem of restoring China's rights to the UN is "even more difficult", hinting that Pakistan can support China on this issue.

After much thought, the Chinese leadership accepted the proposal for negotiations, and on May 3, 1962, a joint communiqué was published informing about the intention of the countries to start negotiations, but on the condition that the agreements reached will be temporary. The Pakistan-China talks began on October 2, 1962.

On November 5, 1962, Pakistani President Ayub Khan expressed serious concern over the armed conflict on the India-China border, while saying that India's massive supplies of weapons from Britain, the US and other countries could not only delay a dangerous armed confrontation, but would create fears the people of Pakistan, that these weapons will be directed against him. The Pakistani leadership welcomed China's proposal to withdraw troops from the actual control line and essentially recognized India as guilty of provoking the conflict.

On December 26, 1962, China and Pakistan officially announced the achievement of common border agreement between Xinjiang and their adjacent areas. Attention is drawn to the fact that in official statements such a formulation appeared, and the border with Pakistan as such was not mentioned.<sup>6</sup>

The editorial published on April 29, 1962 in the People's Daily newspaper explained that "the areas adjacent to China controlled by Pakistan" include Kashmir, which is the subject of a dispute between India and Pakistan. China, further on in the article, takes the position of non-interference in the Kashmir dispute and hopes that the two "sister countries - India and Pakistan - will solve this issue through negotiations without the intervention of external forces." Given the specifics of the situation, China and Pakistan immediately announced that the agreement was temporary, and after resolving the Kashmir issue, the parties concerned would resume talks on the issue of the Kashmir border, and the interim agreement would be replaced by an official treaty on the border.

Finally, on March 2, 1963, a Pakistani-Chinese border agreement was signed, which included the item on the resumption of negotiations after the resolution of the Kashmir issues between both countries, Pakistan and India. Article 1 of the agreement stated that the border had never been formally defined, and the contracting parties "delimited it on the basis of a traditionally established border line using natural factors, in the spirit of equality, mutual benefit and friendly cooperation". While article contained a detailed description of the passage of the

boundary line indicating the names of settlements, rivers, mountain ranges and passes in the Pakistani and Chinese interpretations and their precise geographical coordinates.

In general terms it was recorded that the border running from the south to the east follows the main watershed of the Karakoram ridge, which divides the basins of the Tarim and Indus rivers, passes through the Muztag Pass, along the tops of the Chogori, Broad Peak and Gasherbrum mountains, through the Indirakoli pass, the mountain peak Terram Kangri ends in the southeast near the Karakorum Pass.

An agreement was also reached on the early formation of a commission for demarcation of the border, as well as the resolution of all arising disputes and problems through "friendly consultations". India protested that, according to the border line indicated in the agreement, Pakistan had transferred to China 1,700 square kilometers. miles (6,990 square kilometers) in her view of the illegally occupied territory, which is part of the Indian state. According to the Indian side, this agreement united the aggressive intentions of the two countries, which are linked only by "hostility towards India." Signing the agreement on the "nonexistent common border" between China and Pakistan, India considered for China's refusal (despite all assurances in the opposite) of the former policy of neutrality in the Kashmir issue.

In addition to the general negative attitude towards India, there were still a number of problems where Pakistan and China benefited from mutual cooperation. Pakistani leaders contributed to the establishment of US-China relations. Moreover, Pakistan supported Beijing in its anti-Soviet actions and sentiments. Pakistan facilitated the establishment of contacts between China and the oil-producing countries, in particular, with Saudi Arabia and Iran after the fall of the shah's power. Relations with Pakistan were also considered by the Chinese authorities in the context of the aggravation of Muslim movements in the Chinese province of Xinjiang, believing that cooperation with Islamic Pakistan could reduce the intensity of religious passions in this Muslim province of China.

In essence, the Pakistan-Pakistan agreement of March 2, 1963, demonstrated the support of China for Pakistan's stance on Kashmir. and Pakistan-China in its border-territorial dispute with India. The Indian side accepted the signing of the Pakistan-China agreement on the demarcation of the "non-existent common frontier", and regarded it as the final departure of the

PRC from the previous position of non-interference in the Kashmir problem and as legal and moral support for Pakistan.

The agreement created conditions for the concrete implementation of the plans for Pakistani-Chinese cooperation, including the joint construction of strategic roads along the "Pakistani" part of Kashmir that were used for military supplies, and the development of trade and economic ties between China and Pakistan. Thus, the Pakistani side clearly benefited from cooperation with China. As for India, its situation became more and more complicated, and the Kashmir problem acquired an extremely unprofitable combination of two conflicts - with Pakistan and China. This is unequivocal, since the existing Aksai Chin territory in Ladakh is still part of the former principality of Jammu and Kashmir, and the "two fronts" hostile to India, Pakistani and Chinese, united against it in Kashmir. The Pakistani party considered it necessary to notify the UN Security Council that the signing of an agreement with China will in no way impede the implementation of the UN resolution on Kashmir. With the signing of the Pakistani-Chinese agreement, a new situation was created in the region. Nehru took the Chinese invasion not only main threat to India but also as the greatest personal tragedy - an attempt to undermine his main conviction. The global basic component of its foreign policy was called into question - the idea of non-alignment.

China supported Pakistan in its disputes with India. In March 1963, an agreement was concluded between Pakistan and China on the line of the state border between China in the Xinjiang region and part of the territory of Kashmir controlled by Pakistan. During the Pakistani-Indian armed conflict, China fully supported Pakistan, and from 1965 began to supply it with weapons. During these years, political, economic, cultural ties between Pakistan and China also developed. A lot of mutual visits were inflicted by Pakistani and Chinese statesmen, representatives of cultural and scientific organizations. A great place was given to the discussion of the situation in South Asia during the meetings of statesmen of China and Pakistan. Both sides were consulted in case of serious events in this region. Important importance was the opening of the Chinese consulate in the Pakistani city of Dhaka. The ties between the scientific institutions of the two countries were also expanding.

In 1963, a trade agreement was signed between Pakistan and China, which resulted in the rapid growth of trade between the two countries. China has become the largest buyer of the main



Pakistani export goods, especially cotton and jute. From China to Pakistan, coal, black metals, equipment, tea, and paper were exported.<sup>7</sup>

In the 70s with the help of China, industrial enterprises were built in Pakistan, however, researchers notes that the efficiency of the constructed enterprises was low because of the low-quality equipment supplied by China to Pakistan. In 1978, an agreement was signed to build cargo ships for China in Pakistan. One of the main objects of Pakistani-Chinese cooperation was the Karakorum Highway, which was under construction for ten years and was put into operation in 1978. Negotiations on the construction of the highway began in 1965. The road begins in the city of Kashgar in Xijiang, passes through the territory Jammu and Kashmir and is being completed north of the capital of Pakistan. The road opened to China an outlet to the Indian Ocean. The PRC used this road to transfer weapons to Pakistan. For Pakistan, the creation of the road meant the further strengthening of military and political relations with China.<sup>8</sup>

In the period 1980- 90s marked the greatest flourishing of the Pakistani relations. A lot of mutual visits of political and military figures of the two countries took place. Speaking of Sino-Pakistani relations in the second half of the 20th century, we can conclude that at the interim of all this time they developed only in a positive direction, helping and supporting each other. The alliance of Pakistan and China was formed due to the common Indian threat, which contributed to the strengthening of relations between them and the growth of cooperation in the economic, military and political spheres.

An agreement of cooperation and friendship between Pakistan and China was signed in 2005, whereas two sides committed themselves support strategic dialogue at a high level and continue to cooperate in spheres of defense. In November 2006, in a joint statement by the PRC and Pakistan, the Chinese side “reaffirmed its respect for independence, sovereignty and territorial integrity”.<sup>9</sup>

Pakistan and expressed its appreciation and support to the efforts of Pakistan to promote peace and stability in South Asia and to protect its sovereignty and independence. China needs cooperation with Pakistan in plan to combat terrorism. Beijing is interested in ensuring stability in the region and is concerned about the growing influence of political extremism in Pakistan.

Due to a number of circumstances, Pakistan has become a kind of problem of political Islam and international terrorism. Lack of effective control central authorities over the entire territory of the country already has the effect of "exporting" radicalism on adjacent territories, in particular, to China. Particularly worried about Beijing is the growing militancy of some Uighurs, often operating from the tribal settlements in Pakistan. China and Pakistan have regular exchanges information in the field of combating terrorism. The two countries regularly hold joint antiterrorist military exercises. Thus, Beijing manages to balance between two traditional antagonists in South Asia.

Although diplomatic relations between Pakistan and China were established in 1951, close interaction between the two countries began to take shape in the mid-1960s. Then the military-political situation in South Asia was especially heated. China and Pakistan began to make friends on the principle of "the enemy of my enemy is my friend." Pakistan needed to rely on a powerful partner in the confrontation with India, especially since the US, considered a traditional ally of Pakistan, regularly imposed restrictions on cooperation with Islamabad because of its domestic and foreign policies. At the same time, Beijing was concerned about the growing authority and influence of India in Asia, especially as one of the leaders of the Non-Aligned Movement. China played an important role in the development of Pakistan's industrial base, transport and energy infrastructure. The symbol of Chinese-Pakistani friendship is the construction of the highest mountain road in the world - the Karakorum highway with a length of 1,300 km.

Today, trade and economic contacts between the two countries are developing at a rapid pace. If in 2005 the volume of bilateral trade amounted to \$ 3 billion, then in 2015, experts estimated this figure at \$ 15 billion. An important role in promoting business contacts was played by the free trade zone between China and Pakistan, established in 2006. China - the main foreign trade partner of Pakistan, it accounts for almost 17% of the turnover of this state. However, the structure of bilateral trade has a significant bias in favor of China, which delivers to the Pakistani market mainly industrial, high-tech products.<sup>10</sup>

In early 2015, it was announced about large-scale investments in a joint project called "China-Pakistan Economic Corridor". It will connect the Pakistani port of Gwadar with the Xinjiang Uygur Autonomous Region of the PRC by a network of roads and railways, gas and oil

pipelines, and power transmission lines. Until the end of 2017, China promises to invest more than \$ 46 billion in the Pakistani economy. This project is of strategic importance for Pakistan, which will receive an investment equal to 20% of the country's GDP. In fact, this is his historic chance to seriously advance in resolving pressing social and economic issues. With the help of Chinese means, Pakistan will increase its transport infrastructure, patch up energy security holes, create new production facilities, workplaces, and finally become an energy transport hub.

The deepwater port of Gwadar, located in the immediate vicinity of the Persian Gulf, was erected with the direct participation of China, which financed the project by 75%. According to the plans of the Pakistani authorities, the Gwadar cluster will become the locomotive of the country's economic development, the center for attracting foreign investments. Iran is also interested in this project, which intends to build a large oil refinery near Gwadar worth \$ 4 billion and bring it to the oil transportation infrastructure.

Another landmark project is the construction by 2017 of the Mir gas pipeline from Iran to Pakistan with the continuation to China. Thus, Iran is emerging from isolation, gaining access to new markets, Pakistan - additional volumes of cheaper energy sources, and China - another route for energy supplies. Perhaps, these initiatives will be linked to the plans of Russia and Pakistan for the construction of the Karachi-Lahore gas pipeline worth \$ 2.5 billion.

With the help of China, Pakistan has increased the nuclear component of its energy balance. China has built two power units of the Chashma nuclear power plant, the launch of two more reactors is planned for 2018.<sup>11</sup> Already today, the peaceful atom accounts for 3.3% of Pakistan's electricity generation, which can be considered a fairly good result. For comparison: in India, which has great scientific and production potential, this figure is 2%.

China made a huge contribution to the strengthening of the armed forces of Pakistan, becoming the main supplier of weapons to the Pakistani army. The Chinese military-industrial complex accounts for 39% of all weapons that Pakistan purchased abroad. The US, in turn, has a share of 24%. China, which took the third place in the world in terms of arms deliveries in 2014, sends 41% of its military products to Pakistan.

A powerful impulse to the Pakistani-Chinese military contacts was given by the entry of Soviet troops into Afghanistan. Through Pakistan, funding was distributed, weapons were

delivered, and Afghan mujahideen were trained. This assistance was provided not only by the US, but also by China, which at that time had very strained relations with the USSR. Thus, Pakistan, China and the United States formed an informal coalition against the Soviet Union. Determining was the role of the PRC in the military nuclear program of Pakistan. Pakistani nuclear scientists and military specialists were trained in China, which shared with them scientific developments and drawings. Missile technologies and necessary strategic materials (up to highly enriched uranium) were transferred.

As for the interests of the People's Republic of China in Pakistan, they are displaced in favor of intangible assets, more connected with the implementation of geopolitical tasks, ensuring national security. Pakistan has become an important partner of China in the world arena, speaking for it as a liaison with the capitalist world. The first direct air communication of Beijing with the country outside the socialist camp was established precisely with Islamabad. With the help of Pakistan, a breakthrough was made in Sino-US relations in 1972, when R. Nixon visited China and met with Mao Zedong. Islamabad also served as an intermediary between China and the Islamic world, in particular Saudi Arabia.<sup>12</sup>

Through Pakistan, China gained access to the latest Western military developments. So, in the early 1980s, Pakistan was given a party of new American F-16 fighters, which were supplied only to the closest US allies in NATO. Chinese experts with the tacit consent of the Pakistanis studied avionics, other technologies of these aircraft and subsequently used them to build their own aircraft J-10.

Despite close military-technical cooperation, cooperation in a very sensitive nuclear sphere, China has never been a formal ally of Pakistan, nor has it provided direct military support. During the Indian-Pakistani conflicts, Beijing rejected the insistent requests of Islamabad and refused to send its armed forces against India.

For a long time, China saw Pakistan as the balance of India. The relationship between the two Asian giants has a very controversial history. However, lately cooperation between them has reached a qualitatively new level, and broad opportunities for trade and economic cooperation have opened up. In 2015, the task was set to enter a bilateral trade of billions. Such economic

interdependence significantly reduces the strategic risks, the possibility of developing the situation in an uncontrolled scenario.

China's dependence on imported energy will only increase, so it seeks to diversify their delivery routes. Following this course, the PRC is stepping up its energy cooperation with Russia, expanding its supply through Central Asia. For China, Pakistan is the shortest transport corridor providing access to the Persian Gulf, where only Saudi Arabia accounts for 16% of China's oil imports. That is why Beijing is ready to invest considerable financial resources in the development of the China-Pakistan economic corridor. This will significantly reduce the timeframe for oil supplies to China from the Middle East, which must pass 16,000 km through unstable sea areas, narrow, vulnerable Hormuz and Malacca Straits. This project will become part of the even more global Chinese initiative of the Economic belt of the Silk Road. In the framework of this initiative, close cooperation with the Eurasian Economic Union is envisaged.

Relying on Pakistan, the PRC is building up its geopolitical influence. The Gwadar port, among other things, will be used as a stronghold of the Chinese Navy. Pakistan and China Such a step will consolidate China's presence in the Indian Ocean, allow it to control the main trade routes. Of course, the US will react negatively to this, which is actively trying to limit China's development. India will also not be happy if the Chinese navy is permanently attached to the Indian Ocean, near its borders.

We cannot fail to mention the factors limiting the implementation of the project "China-Pakistan Economic Corridor". First of all, these are technological and engineering difficulties in the construction of objects in high altitude conditions. And the operation of the Gwadar-Xinjiang oil pipeline, which will pump oil to the level of 4,500 meters, will require serious energy costs, which will increase its cost price.<sup>13</sup>

Another important area of China-Pakistan cooperation is the fight against terrorism, which poses a serious threat to the security and stability of both countries. It is known that Pakistan, in particular its interdepartmental intelligence, has extensive connections among Islamist terrorist groups. Through him, Beijing established contact with the leadership of the Taliban movement, which promised not to include China among its priority goals and not to

support the Uighur separatists. In addition, the leader of the Afghan Taliban guaranteed that the Uygur separatists, who were trained.<sup>14</sup>

Pakistan for China is of strategic importance. This is an advantageous transport corridor, an additional source of resources, as well as an opportunity to raise Chinese western regions, which are very lagging behind the eastern part of the country. Therefore, trade and economic contacts between China and Pakistan will continue to develop. Pakistan will increasingly become involved in the synosphere, in China's large-scale integration initiatives. The PRC, in turn, will increase the export of capital, invest in the most attractive projects, try to bind Pakistan as much as possible, displacing competitors therefore, primarily the United States, and to restrain the economic expansion of another influential South Asian power, India.

The main task of Pakistan is to create the most favorable conditions for Chinese capital. Another possibility for Islamabad to solve its pressing social and economic problems is not yet foreseen. Therefore, the Pakistani authorities will do everything possible to ensure security for Chinese investments and specialists. Not without the help of Beijing, there will be attempts to agree with separatist and terrorist groups that they will not touch the objects of industry and infrastructure built on Chinese money.

The military and political importance of Pakistan as a counterweight to India will decline.<sup>15</sup> In general, the intensity of confrontation in South Asia, primarily in the relations between Beijing and Delhi, will decrease. Relations with India are being established, interaction is being carried out within the framework of the BRICS and the SCO. In addition, China is not interested in making its huge investments endangered by a regional conflict.

At the same time, China-Pakistan cooperation in the military sphere will expand. In general, Pakistan is a capacious arms market. According to SIPRI for 2010-2014, Pakistan has become the world's fourth arms importer with a 4% share. In the future, the Pakistani army can switch to Chinese military standards. Thus, Beijing will provide its military-industrial complex with permanent orders; strengthen its presence and strategic influence both in Pakistan and in the vital Middle East region. For Pakistan, China remains practically the only partner to which it can rely in rivalry with India. Without Beijing's assistance, Islamabad will not be able to provide strategic parity with New Delhi.

In addition, the significant success of China, the growth of its geopolitical influence and ambitions are of concern to the United States. In the near future, the tension between the two countries will increase, and the emphasis of China's strategic policy will shift to the APR. Therefore, Beijing is interested in calm and reliable rear, business, non-confrontational relations with its western neighbors, strictly following one of its main foreign policy principles - the economy determines geopolitics.

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## CHAPTER 3

### THE CHINA-PAKISTAN ECONOMIC CORRIDOR: OPPORTUNITIES AND CHALLENGES

Since the early 1950s, Pakistan and China have established trade relations and launched trade operations. Pakistan has always attached importance to developing trade relations with China. Over the years, Pakistan and China have actively expanded bilateral trade based on the principle of mutual benefit. The development history and trend of bilateral trade scale between Pakistan and China started in January 1963, when the two countries signed the first trade agreement. Border trade was initiated in 1967. In October 1982, the China-Pakistan Joint Commission on Economic, Trade and Scientific and Technological Cooperation was established. The two sides are committed to deepening and expanding economic ties and have adopted a series of strategic and institutional arrangements, such as the signing of the Five-Year Development Plan for China-Pakistan Economic and Trade Cooperation and the China-Pakistan Free Trade Area Agreement in November 2006, signed in 2009. The China-Pakistan Free Trade Area Agreement on Trade in Services, etc., to promote common development. From January to December 2013, the bilateral trade volume between China and Pakistan was US\$14.219 billion, a year-on-year increase of 14.51%. Among them, China exported 1.519 billion US dollars to Pakistan, an increase of 18.79%; China imported 3.2 billion US dollars from Pakistan, an increase of 1.9%; the trade balance was 7.819 billion US dollars, an increase of 61.36%.

The Chinese dreams of BRI (belt road initiative), is an innovative model of regional cooperation, which will open new horizons for the further development of the countries of the Asian continent. China regards the territory of Pakistan, as well as the countries of Central Asia, as a section of BRI. In the future, the commissioning of all segments of the Chinese-Pakistani economic corridor will allow Beijing to develop the economic infrastructure of the Economic Zone in different directions. In the northwest direction, the project is aimed at achieving a full trans-East. The project, together with the Gwadar port, is seen as a powerful mechanism for creating a land link with the new initiative “Sea Silk Road of the 21st Century” and bridge, capable of economically and logistically connecting the countries of Asia, Africa and Europe with their population of 3 billion people.

The corresponding strategic tasks of Beijing, which primarily meet the national interests of the People's Republic of China (PRC), were set as early as the beginning of the 21st century, to build a land bridge for the further promotion of goods and services to the markets of Africa, Europe and the countries of the Persian Gulf. The package of agreements was signed in April 2015 and represents a 15-year modernization plan, primarily the energy sector and transport infrastructure of Pakistan during 2015-2030.

The Joint Statement of the then PM of Pakistan, Nawaz Sharif and XI Jinping, the president of China noted: "two sides will actively facilitate the important cooperation projects including the Karakoram Highway (Phase II) Upgrade and Reconstruction, the Gwadar Port, the Karachi-Lahore Motorway (Multan-Sukkur section), the Lahore Metro Orange Line, the Haier-Ruba Economic Zone, the Suki Kinari Hydropower Project, the Pakistan-China Cross-border Fiber Optic Cable, the Landing of DTMB in Pakistan, as well as a number of energy, infrastructure and power generation projects"<sup>1</sup>

Immediately after the investment package was signed in 2015, Islamabad proclaimed the priority task of ensuring internal security in order to protect the CPEC. Celestial, announcing at the initial stage the volume of investment of \$ 46 billion, has become the largest recent source of foreign direct investment in Pakistan. China is also the leading trading partner Pakistan with a bilateral trade volume of \$ 19 billion.

In November 2016, a pilot commercial caravan passed through one of the planned corridor routes. Almost sixty (60) containers with Chinese and Pakistani goods proceeded from Chinese Kashgar (Xinjiang Uyghur Autonomous Region of China) through Gilgit Baltistan, then Quetta (the administrative center of the province of Baluchistan) and through the desert - sharply to the south to Gwadar on the coast of the Strait of Hormuz. After transshipment in the port, the containers already by sea went to the countries of the Middle East and North Africa. Since November 13, 2016 the route is operated on an ongoing basis.<sup>2</sup>

Freight security is provided by the company Frontier Works Organization (FWO), affiliated with the Stake of the Federal Army of Pakistan. Transport and logistics efficiency of the route requires further evaluation, because not all sections of the road were built or repaired during the passage of the pilot caravan. The test run had, first of all, political significance. The

strategic and economic impact of the use of KPEC (Khyber Pass Economic Corridor) is enormous. One of the assets of Pakistan - the territory is involved. The length of the land route from Kashgar to Gwadar using KPEK is reduced by 5 times and is about 3 thousand km (until November 2016, a bypass trade track with a length of 16 thousand km was used). This greatly reduces the travel time, transport and logistics costs.

Thus, China directs part of its goods to the countries of the Persian Gulf (the annual trade turnover with which in 2016 amounted to 4 billion dollars), West Asia and Africa, bypassing the Strait of Malacca in the Indian Ocean. Another, no less important advantage is that thanks to the CPEC, Beijing gets the status of a country that has access to two seas at the same time.

In the Strait of Hormuz, Chinese ships are already moored at the berths of a new naval base in Gwadar. The very beginning of the CPEC project Pakistani segment was laid by the Gwadar port development project with a \$ 280 million investment package. The commissioning in 2007 of the first berths was made by General President Pervez Musharraf.<sup>3</sup>

In May 2013, the Chinese Prime Minister, Li Keqiang paid an official visit to Islamabad. He was the first foreign leader who visited Pakistan after the general elections that once again underscores the interest of Pakistan and China in each other. He stressed that the leadership of China would indeed promote the strategic bilateral trade with Pakistan in the upcoming years, under CPEC and would enhance bilateral cooperation in all relevant fields. In general, over 20 agreements were signed during the meeting. The parties expect that in the next 2 - 3 years the volume of bilateral trade will exceed \$ 15 billion, which will contribute to the signed in 2006, the Sino-Pakistani Free Trade Agreement.

The construction of the CPEC started on July 5, 2013, with the visit of Nawaz Sharif elected 2013 to China. In those days, a Memorandum on the Long-term Plan and Action Plan was signed. The Ministry of Planning, Development and Reforms was appointed from the Pakistani side by the coordination center and the leading agency of CPE. In the fifth meeting of the joint cooperation committee, on 12<sup>th</sup> November 2015 the parties as a whole approved a single transport logistic route with several "arteries". It was called the Chinese-Pakistani Economic Corridor. Its goal is to promote Pakistan's social and economic development, overcome the shortage of electricity and modernize the transport infrastructure, primarily in the western and

northwest regions of the country, focus on building the necessary sections of highways, railways, airports, and expanding the deepwater port of Gwadar.

Detailed of Agreement Signed between Pakistan and China during the Visit of Chinese President on 20<sup>th</sup> April 2015 are as follows:

1. Joint Statement between the Islamic Republic of Pakistan and People Republic of China on establishing the all-weather Strategic (Friendship and) Cooperation partnership
2. Minutes of the 4<sup>th</sup> JCC of the China-Pakistan Economic Corridor
3. Economic and Technical Cooperation Agreement between the Government Islamic Republic of Pakistan and Government People Republic of China
4. Exchange of Notes of feasibility study of the Demonstration project of the DTMB between the Government Islamic Republic of Pakistan and Government People Republic of China
5. Exchange of Notes on the feasibility study of Gwadar Hospital between the Government Islamic Republic of Pakistan and Government People Republic of China
6. Exchange of Notes on provision of Anti-Necrotic Equipment between the Government Islamic Republic of Pakistan and Government People Republic of China
7. Exchange of Notes on provision of Law Enforcement Equipment between the Government Islamic Republic of Pakistan and Government People Republic of China
8. MOU on provision of Chinese Government concessional Loan for second phase up-gradation of Karakorum Highway between Ministry of Finance and Economic Affairs of the Islamic Republic of Pakistan and Ministry of Commerce of the People Republic of China
9. MOU on provision of Chinese Government concessional Loan for Karachi-Lahore motorway between Ministry of Finance and Economic Affairs of the Islamic Republic of Pakistan and Ministry of Commerce of the People Republic of China
10. MOU on provision of Chinese Government concessional Loan Gwadar Port East bay Expressway project between Ministry of Commerce of the People Republic of China and Ministry of Finance and Economic Affairs of the Islamic Republic of Pakistan

11. MOU on provision of Chinese Government concessional Loan for Gwadar international airport between Ministry of Commerce of the People Republic of China and Ministry of Finance and Economic Affairs of the Islamic Republic of Pakistan
12. Protocol on banking services to agreement on trade in services between the Government Islamic Republic of Pakistan and Government People Republic of China
13. MOU on provision of material for tackling Climate change between National development and reform commission of the People Republic of China and Ministry of Finance of the Islamic Republic of Pakistan
14. Framework Agreement of Cooperation on major communication infrastructure project between the Government Islamic Republic of Pakistan and Government People Republic of China
15. MOU on Cooperation between NDRC between the Government Islamic Republic of Pakistan and Government People Republic of China
16. MOU on Pro Bono projects in the port of Gwadar region between the international department of the central committee of Communist party of China and the minister of planning, development and reforms of the Islamic republic of Pakistan
17. MOU on establishment of China-Pakistan Joint Cotton Bio-Tec Laboratory between the ministry of science and technology of the People Republic of China and the ministry of science and technology of the Islamic Republic of Pakistan
18. Framework agreement between the national railway administrations of Government People Republic of China and the Government Islamic Republic of Pakistan
19. Protocol on the establishment of China-Pakistan joint marine research center between state oceanic administrations of People Republic of China and the ministry of science and technology of the Islamic Republic of Pakistan
20. MOU on cooperation between the state administrations of press, publication, radio, films and television of china and ministry of information, broadcasting and national heritage of Pakistan

21. Triple party agreement between China central television and PTV and Pakistan Television foundation on the re-broadcasting of CCTV-NEWS/CCTV-9 Documentary in Pakistan
22. Protocol on establishment of sister cities relationship between Chengdu city Sichuan Province of PRC and Lahore City
23. Protocol on establishment of sister cities relationship between Zhuhai city Guangdong province of the People Republic of China and Gwadar Baluchistan of the Islamic Republic of Pakistan
24. Protocol on establishment of sister cities relationship between Karamay city Xianjian, Uigur autonomous region of the People Republic of China and Gwadar city Baluchistan of the Islamic Republic of Pakistan
25. Framework agreement between NEA and MOPNR on Gwadar-Nawanshah LNG terminal and pipeline project
26. Commercial contract on Lahore Orange line metro train project
27. Agreement on financing for Lahore Orange line metro train project
28. MOU on financing for KKH up-gradation phase-2, KLM , Gwadar East bay expressway, airport project
29. Financing agreement relating to the 870 MW Hydro-Electric Suki Kinari Hydropower Project between EXIM Bank of China, Industrial and Commercial Bank of China Limited and SK Hydro (Private) Limited
30. Financing agreement between the EXIM Bank of China and port Qasim Electric Power Company limited
31. Framework facility agreement for 720MW Karot Hydropower project between the china development bank corporation, EXIM Bank of China and Karot Power Company limited
32. Term sheet of the facility for Energy 9x1pp MW solar project in Punjab between china development Bank Corporation, EXIM bank of china and Zonergy Company limited.

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The project CPEC “through roads and railways, oil and gas pipelines and fiber-optic lines, should connect Chinese Kashgar (west of China, Xinjiang province), located on the border with Pakistan and the port of Gwadar (Baluchistan province, south of Pakistan), as located on the coast of the Arabian Sea. Since 1964, Pakistan has tried to implement plans for the construction of the port of Gwadar. However, due to lack of funding and the Pakistan-Pakistan conflict of 1965”, it was not possible to proceed with the implementation of the planned one for a long time.

Construction on the Gwadar port was started after the visit of Musharraf to china in may 2001, where he spoke of the possibility of China's participation in this project. Chinese investments in the construction of Gwadar port was amounted to 248 million US dollars, the control of the port was shifted to China’s company in 2013.

Located at the intersection of the main lines of maritime communications near the Strait of Hormuz, the Gwadar port is considered by the leadership of the China as a world transshipment point for hydrocarbons. Economic benefits for China are obvious, as the China-Pakistan corridor will reduce the delivery of oil from the Persian Gulf and North Africa to China by 12 thousand km. Assuming China to the oil markets of the Middle East, the OPEC (the



organization of petroleum exporting countries) in exchange expect to gain a foothold in the future.

In February 2014, Pakistani President Mamnun Hussain visited China, confirming his readiness to accelerate the construction of an economic corridor. Pakistan's interest in the active operation of the Gwadar port is linked with the need to provide employment for the population in the Baluchistan province and thereby reduce social tensions among the local population. In addition, with the help of the project Pakistan counts on balancing between India and China and to maintain influence on the situation in the region.

In order to develop the China-Pakistan economic corridor in November 2014, the leadership of China announced its intention of frothy six billion US dollars by 2020 in the infrastructure and energy sectors. In accordance with plan, \$ 33.8 billion from the allotted sum should go to various projects of energy and to infrastructure \$1.1.8 billion. In addition, by 2017, Chinese investors will spend \$ 3.7 billion on railway construction, and \$ 5.9 billion on roads. At the same time, the Kashgar-Havelian (1,100 km) and Khotan-Golmud (1,600 km) is supposed to be carried out on difficult mountainous areas. The development of infrastructure will link the port of Gwadar with the Iran-Pakistan railway line, which is in the interests of China, which will have the opportunity to gain access to Iran through Pakistan.<sup>4</sup>

China and Pakistan are also building fiber optic cable worth \$ 44 million. The Chinese side will spend \$ 622 million to modernize the Gwadar port. The main creditors will be the Industrial and Commercial Bank (ICBC) and the Development Bank of China.

Another area of interaction between China and Pakistan is energy. At present, the total output of Pakistani nuclear power plants is 11 thousand MW with a requirement of 15 thousand MW. The lack of electricity significantly slows down the pace of Pakistan's development. The Chinese leadership has repeatedly offered to participate in projects to build energy-producing enterprises-“hydroelectric power plants, nuclear power plants, solar power plants”.

During the meeting of Beijing in November 2014, President Xi Jinping with Nawaz Sharif, signed 19 agreements covering the energy sector. The volume of Chinese investments in energy projects should be about \$ 42 billion. The most promising of them is the construction of the largest in the country nuclear power plant in the Karachi region, with a total cost of \$ 9.59 billion, of which Chinese investments amount to \$ 6.5 billion.<sup>5</sup>

At the same time, a bilateral mechanism for communication and coordination of activities of the parties to implement the CPEC project was developed. The complex of (sub) CPEC projects was planned to be implemented in stages in accordance with the tasks and requirements set. Short-term projects envisage the implementation and commissioning in 2017-2018, medium-term - until 2020 and long-term ones - in the period from 2025 to 2030. The unified plan of the KPEC was not originally envisaged. Islamabad only announces those projects, feasibility study (feasibility study) and financing of which are agreed upon by both parties.

In December 2016, at the 6th meeting of the SCS, Beijing and Islamabad summarized the first phase of the CPEC project implementation in the main areas:

- Energy, transport infrastructure (roads, railways, airports), port and city projects  
Guadara and industrial parks;
- Automobile and railway infrastructure, modernization of railroad tracks;
- Industrial cooperation and development of special economic zones (SEZ);
- Measures to prevent natural disasters and mitigate their consequences;
- Ensuring the safety of the CPEC.<sup>6</sup>

Looking ahead, we note that the issue of industrial parks, preliminary conditions and tentative dates for their creation, in the opinion of both parties, requires further development. At the same time, provincial governments have previously identified 27 potential cooperation areas. In the long term, other areas of interaction are also seen, including agriculture, industry, tourism, human resources development, financial cooperation, etc. Energy Projects of the CPEC Pakistan is an energy-deficient country, and taking this into account, of the initial Chinese investment package of 46 billion dollars. \$ 35 billion was allocated for energy projects (and only \$ 11 billion for infrastructure (road) projects). The energy system in Pakistan faces two levels of challenges: in the first, it is obsolete and extremely worn out (this is one of the reasons for the huge losses on the lines); in the second, energy is simply not enough. The total energy deficit in the country reaches 10 thousand MW. Fan-out (up to 16 hours a day) in the past was a common occurrence, exacerbating social tension, as crowds of people spontaneously gathered in numerous demonstrations and smashed the offices of energy companies. The project to replace power lines has become one of the top priorities in the list of energy projects, and it is actively moving forward.

Among those requiring urgent replacement - power lines from Mititari to Lahore and Mathiari to Faisalabad. The following projects have been given priority in the framework of the China Pakistani economic corridor: the construction of a coal-fired power plant at Qasim Port 2x660 MW, the electric station Sahiwal (coal fuel) 660 MW, coal-fired power plant at Tar 4x330 MW coal deposit , the Davud wind station of 50 MW, the solar-powered installation of them. Qaida and Azam in Bahawalpur 900 MW, 100 MW wind farm Jimpir, 50 MW wind farm Sashal, 720 MW8 hydroelectric project. In 2015-2017 years. their active construction was conducted, and in aggregate they will produce more than 5 thousand MW. But even with such energy supply, the gap between supply and demand will remain huge. In the medium and long term, another 16 energy projects are envisaged.

Great hopes are placed on the hydropower projects of the Damar and Bhasha dams and the Das dam. The Chinese firm China Gezhouba Group won two tenders and in March 2017 signed contracts for the construction of dams and hydrotechnical steel structures (MW # 01) worth 115 billion rupees, as well as for the construction of an underground power complex, tunnels and hydraulic structures (MW # 02 ) worth 64 billion rupees (MW # 01). The Dasu project is of great importance, since the commissioning of the first phase of the dam will allow generating more than 4,000 MW, the second - 2.16 MW.<sup>10</sup> In total, by 2018 the national power grid will receive an additional 8, 13 thousand MW of energy thanks to targeted investments exceeding \$ 16 billion.<sup>7</sup>

Infrastructure projects: The feasibility study of priority projects within the CPEC was developed over a period of 3 years. Obviously, the intensity of discussions even at its initial discussion was the highest. This was a challenge and a test for the federal government of Pakistan, seeking to achieve political consensus of all stakeholders. The main tracks, and there were two of them, were planned in parallel from north to south, and on the map they looked geographically like the western and eastern routes. Accordingly, the population of Pakistan was divided into those who supported the "eastern" route (Punjab and Sindh provinces), and those who advocated for the "western" (Baluchistan and Khyber Pakhtunkhwa provinces). The PRC Embassy in Pakistan even had to release a special press release which spoke of a single track and denied the existence of the two named western and eastern routes.

Chinese diplomacy of "soft power" played its role: the friction subsided, and the routing maps remained. In 2015-2016 years, the so-called Western tracks of the remained the priority and the first trade caravan passed through it. The eastern track was aimed at improving the highways of the north and south. It is planned to build 2,700 km of highways, a railway track and lay pipelines for the pumping of crude oil and natural gas (the issue of the oil / gas pipeline remains open in 2017).

The priority was the construction of highways in 2015-2017: sections of the M8 motorway in the province of Baluchistan, Phase II of the Karakorum Highway (120 km long Havelian section), the Karachi-Lahore (Sukkur-Multan section) length of 392 km. The development of feasibility studies of other 6 projects was continued. Railway projects have also become an integral part of the CPEC. The ML-I section from Peshawar to Karachi (planned for launch in 2018) is the first to be upgraded. The fiber-optic communication project is also an important component of CPEC.

First of all, the cable will be laid from Gilgit Baltistan, Khyber Pakhtunkhwa and further - to Islamabad Rawalpindi. The project under discussion remains the installation of a terminal and the laying of a 700-kilometer pipeline for the pumping of liquefied gas to Gwadar Nawabshah.<sup>8</sup>

Baluchistan in the CPEC project: Most of the so-called western route passes through the territory of Baluchistan. It is in this province in 2015-2017. The construction of infrastructure facilities was actively developed. The only major construction site until recently was the port of Gwadar. In the project, this port connects the overland and the sea route, creating a logical link between the Belt and the Path. In the future, the authorities plan not to limit the port city to the function of a transport hub. They see it as the economic center of Balochistan. By 2017, of the 10 priority projects in the port city, an elementary school has already been built; a platform for a free economic zone is being built, and so on. The construction of the port of Gwadar stimulated the development of a network of roads in Baluchistan, primarily along the coast.

The coastline of the province with a length of 771 km has numerous natural harbors. The Makran coastal road, 650 km long, is one of the first roads that connected Gwadar with Karachi, the economic capital of the country on the Indian Ocean coast. The work started on this road in

July 2000 and was completed by September 2004. It was implemented by the FWO-engineering campaign, affiliated with the Federal Army of Pakistan. (Travel time instead of the previous 48 hours has now been reduced to 7 hours.) Two years later, in 2006-2007, the highway from Gwadar was extended to the west towards Iran to the small town of Jiwani in June 2011. It came very close to the Iranian border in the town of Gabd, thereby creating a second cross-border highway with Iran (the first-the Quetta-Zahidan motorway).<sup>9</sup>

Later, as part of the CPEC, the FWO, with the support of the engineering forces of the Pakistani army, was tasked with building a network of highways to connect the deepwater port of Gwadar to the interior areas of Baluchistan. As part of the implementation of the "western route" of the planned 873 km of the road network, 632 km of roads were put into operation from the end of 2014 to 2016 inclusive.

The western route starts from the town of Burhan on the Peshawar-Islamabad highway, then turns to Baluchistan, runs through Dera Ismail Khan, Zhob, Quetta, Surab, Khoshab, ending in Gwadar. Most of the projects of this track are planned to be completed by 2019. One of the long-term projects is the expansion (up to 4 lanes) of the now two-lane road Dera Ismail Khan-Quetta with a length of 533 km. The most difficult in terms of technical and climatic conditions is the 193 kilometer stretch of the Khashab-Turbat-Gwadar motorway M8. Built by the Pakistani army, this section was solemnly opened by the Prime Minister on February 3, 2016. M8 starts from the Dasht district, which literally translates as "desert".

Pakistani media often cite the parable of the death of Alexander the Great's army, according to which a crushing defeat (in October 325 BC), this army suffered not from a stronger enemy, but from a hot and severe climate. This is a region of natural anomalies, where long-term drought gives way to extremely rare, but powerful floods. Water rushes from the Central Makran mountain ridge and the coastal ridge, rush down and flow into the Arabian Sea. One of such floods, according to legend, at midnight washed away the sleeping army of Alexander, when it was encamped on a dry place of the river bed to stay close to drinking water.

Priority projects remain sections of the Gwadar-Quetta highway (N85) and the Gwadar-Indus (M8) highway. Highway N85 originates in the town of Khoshab and moves north, passes past Panjur Besin and Sorab, where it connects with the active section of the road Karachi-Quetta

(N25) in the direction of Kalata. 448 km of the route runs through the remote cities of inland Balochistan, providing a direct, shortest way between the port and the provincial capital. The construction of this site was a test for harsh climatic conditions, a difficult terrain, as well as attacks by armed separatists. Now FWO has mobilized its resources in 14 sections of the motorway to complete the project in the current year 2017. M8 - the first highway of the province, connecting Gwadar with the Indian Highway. The road passes from Gwadar to Turbat, then moves to Khoshab, Awaran, Khuzdar and Rattodero (near Larkany), crossing the inner territory of Balochistan. Until November 2016 cargo trains going into the interior of the country ran along the coast from Baluchistan to Karachi and only from there they turned northward to the interior of Pakistan. Such a route increased logistics costs.

A new, direct route to the M8 motorway from Gwadar to the Indian Highway cut the way by almost 400 km. The Gwadar-Terbat-Khoshab section of the M8 motorway is a vital part of the CPEC, connecting virtually all the transport arteries. FWO is currently building 873 km of roads in Balochistan. Intensive construction and commissioning of the main highway, as well as the highway network, markedly intensified the economic and social life of the province. Many in Pakistan agree on the end of the isolation of Balochistan.<sup>10</sup>

The implementation of CPEC projects in the provinces faced internal and external challenges at the design stage. One of them is the active actions of the Balochi separatists and various groups of local and foreign militants, not only in the interior regions, but also on the border with Iran. The Frontier Corps carried out measures in the province to improve the situation in terms of ensuring law and order and the rule of law. And, despite the fact that officially the Frontier Corps was subordinate to the leadership of the Ministry of Internal Affairs, he was following the orders of the Supreme Command of the Federal Army, which developed a set of measures to restore order in the province.

In 2015-2016 years. The province faced many challenges, among which:

- Clashes on ethnic and religious grounds (one of the reasons is the shortage of professional police officers from for numerous refusals to serve in the provincial office of the Ministry of Internal Affairs);

- Separatist sentiments and acts of local rebels from the United Balochistan Army, the Baluchi Liberation Front, the Liberation Army of Baluchistan, the Baluchi Republican Army, the United Baluchi Army, Lashkar and Balochistan, and others;
- Violations of law and order;
- Disagreements between provincial and central authorities on the issue of the "western" route of the CPEC, claims to the government for the distribution of its natural resources.<sup>11</sup>

There were many reasons for this situation, among them there is a lack of developed infrastructure, extreme poverty, a shortage of educational and medical institutions, and unemployment. Islamabad claimed that the situation is complicated by foreign interference. The situation was aggravated by the fact that with the beginning of the military operation in June 2014 in the neighboring Northwest Waziristan Agency, a stream of militants terrorists poured into the province, multiplying, thus, speeded anti-federal statements. Several times the response to the attacks was taken by the Jamaat-ul-Ahrara group, which split from the Taliban Pakistani organization.

In the face of these challenges, the command of the Pakistani army formed a special security department to protect the land route of the CPEC, and also deployed 9 army battalions and paramilitary forces in the province to protect the facilities under construction. The federal authorities realized that the potential of Baluchistan as a regional center for energy and trade, as envisaged by the CPEC project, can only be realized if the actions of the central/provincial administrations and the military leadership of the country are coordinated.<sup>12</sup>

The main volume of construction works of the CPEC project was traditionally carried out by engineering construction troops. Given the situation in the province, they acted in two ways: they supported the security regime and actively participated in the social and economic projects of the province. In his turn, the "maintenance of the security regime" was also carried out by the generals in two directions: military operations to eliminate the anti-federal elements and the implementation of a policy of reconciliation. The security forces, the Frontier Corps, with the support of the federal army units, conducted 1,840 reconnaissance operations and arrested more than 8,000 militants. The reconciliation policy provides for amnesty and further socialization of the militants who voluntarily laid down their arms in civil society. In June 2015, more than 100 rebels refused to fight and surrendered.

A little later, on August 14, 2015, on Independence Day of Pakistan, 400 separatists in Baluchistan passed to the side of the federal authorities. The action was simultaneously held in several cities: Quetta, Khuzdare, Dera Bugti. The policy of reconciliation was continued, and in September 2015 more than two dozen militants laid down their arms in the Noshki area. Most of them belonged to the banned "Balochi Republican Army."<sup>13</sup>

Some progress has been made in the process of reconciliation in Baluchistan, but the further settlement of the situation has been stalled for a number of objective reasons. In 2015, the policy of establishing and maintaining law and order was carried out in Balochistan with a favorable social climate: the federal authorities began construction of several large facilities (Mangi dam, Baluchi agricultural university and flyover on Smung road). This was very encouraging for the local population.

In the same year, financing of the first projects within the framework of the CPEC began. The development of the Gwadar port as a multifunctional economic and transport-logistics hub set the new military task of the naval forces of the country to repel attacks on the port from the sea and air. As a security structure for the land and sea vectors of the Belt and the Way, the Navy of Pakistan was endowed with the function of protecting transport trade flows, as well as ensuring the safety of shipping.

From an economic point of view, the Indian Ocean is one of the world's key hydrocarbon transportation lines. According to various estimates, more than 80% of the transit of crude oil passes through the Indian Ocean; 40% of them "through the Strait of Hormuz, 35% through the Straits of Malacca and 8% through the Bab-el- Mandeb Strait". The problems of ensuring maritime security in the Indian Ocean are multidimensional and multifaceted.

The Pakistan Navy, along with the naval forces of other countries, have traditionally been involved in combating drug trafficking, human smuggling, arms trafficking, terrorism and piracy on the high seas. At present, the region and the CPEC, in particular, face new geostrategic challenges.

Growing dependence on sea lanes with their enormous economic benefits sharply raises issues of maintaining the security regime in the water area of the port of Gwadar and accordingly - before the Pakistan Navy. In the emerging new regional scenario, special attention is paid to the



protection of sea lanes due to fierce competition between India, China, the United States and Japan and their naval forces in the Indian Ocean.

New Delhi in every way opposes the implementation of the CPEC. In May 2016, the Minister of Defense of Pakistan raised the issue of the need to control the growing military power of India, stressing that Pakistan would have no choice if the eastern neighbor continued to pursue an arms race. Thus, the United States and India jointly developed a system for tracking the movement of Chinese submarines in the Arabian Sea zone. With the same goal in 2017, Washington approved the sale of India multipurpose patrol anti-submarine aircraft Boeing P8I. The US, Indian and Japanese navies conduct joint three-way exercises each year, including the development of antisubmarine operations.

Due to the key role of the Pakistan Navy in the current geopolitical situation, the capacity building of the Pakistani fleet is developing in three directions: increasing the combat power for waging war at sea during the radical transformation and changing the importance of the naval forces in the 21st century, improving the capabilities of the Navy to provide both a regime security of trade caravans, and the regime of increased safety in the water area during the construction and operation of the CPEC.

In recent years, there has been a trend in Pakistan's military spending growth: for example, in the fiscal year 2015-2016, 11.6% to Rs 781 billion. At the end of 2016, with the goal of providing a safe and secure marine environment, the Pakistan Navy formed the Special Forces Task Force 88 (TF88) to repel conventional and unconventional threats. TF 88 interacts with the special forces of the federal army. The area of responsibility of the Navy of Pakistan is to ensure the safety of maritime navigation and the port of Gwadar, its infrastructure, Chinese personnel working in the port and harbor. The rate of land forces, the Ministry of Defense and the Ministry of Defense Industry in the second decade of the XXI century. They launched a modernization program for the entire complex of the Pakistan Navy.

In November 2016, a new military naval base Hamid near Karachi was put into operation. The facility is fully equipped with low-frequency communication facilities, which is important for monitoring the movement of submarines. The Pakistan Navy headquarters for the first time raised the issue of forming its own squadron of fighter jets to protect national maritime

interests in the western and southwest regions. For almost 40 years, Pakistan has a military naval aviation, but its functions are limited: in case of an abnormal situation, combat aviation is connected.

One of the important components of naval defense and security is the continuous monitoring of the port water area. The newest system for detection of air, sea and ground objects is established - a network of radars, electro-optical sensors. Coast stations were installed and, finally, the United Marine Information Coordination Center (OMICC) was established to collect and systematize information related to maritime security. At present, OMIC coordinates the activities of 35 organizations in Pakistan and a number of its partners. In recent years, Pakistan has increased purchases for the Navy. Turkey has become one of the leading counterparts in Pakistan in the MTC, the third after China and the United States, and the first specifically for the Navy. In June 2016 the Pakistan Navy signed a \$ 350 million contract with the Turkish company STM for the modernization of three Khalid submarines of the Agosta 90B class, Aselsan and Havelsan also signed defense contracts. In cooperation with the Turkish STM, under the control of the Ministry of Defense Industry and the Navy of Pakistan, a military ship with a displacement of 17,000 tons was built.<sup>14</sup>

Islamabad is one of the most interested parties in ensuring maritime security of the Arabian Sea: it stands for freedom of navigation and order on the seas. In view of this, the military naval exercises of the Pakistan Navy with the Chinese naval flotilla, the joint military exercises PASSEX and Iran are held on an ongoing basis.

National Transport Policy: Intensive construction of motorways in Pakistan in the years 2015-2016 was carried out. It has encouraged the authorities to develop in February 2017 a National Transport Policy and a larger project - a master plan (NTPG). This provides for the modernization / construction of railways, highways, ports, the development of air services and the expansion of the range of logistics services. The project is aimed at creating a safe, efficient and sustainable transport system as part of the implementation of the concept of "Vision of Pakistan 2025". STPPP is aimed at increasing the economic activity of the country and has an ambitious goal to introduce Pakistan into the number of regional trade and business centers. This project is managed and partly financed by the Asian Development Bank (ADB). It is planned to modernize / build roads in Baluchistan, Khyber Pakhtunkhwa and Punjab.

A well-planned, safe, adequately supported and regionally significant transport infrastructure (the task of creating it was formulated in the relevant projects) is the key to discovering the international potential of Pakistan and the economic growth of the country. The NTPG will complement the government's efforts to improve the transport and trade infrastructure. Inefficiencies in the transport sector cost the economy of Pakistan, according to various estimates, an annual loss of 4-6% of its GDP.

In previous years, ADB and other partners helped Pakistan overcome the problem of transport infrastructure insufficiency, but these efforts needed to be supported by institutional improvements and continued support from the authorities. It is assumed that the implementation of STPPP guarantees the coherence of the approach of state institutions to the planning and maintenance of transport, improves the safety of traffic, and reduces the number of road accidents.

Other key objectives of the initiative are to improve road safety programs, road asset management systems, replenish resources to improve road design and maintenance, and support multimodal transport to facilitate domestic and foreign trade of Pakistan and its neighboring countries.<sup>15</sup>

The main expected effect of the China-Pakistani Economic Corridor is the stabilization of the national economy of the Pakistan, since the project calls for the generation of the required additional amount of electricity, infrastructure development, industrial modernization and integration of the country into the regional economy. Islamabad, which is extremely interested in the CPEC, says that the implementation of this project will give impetus to the country's economic development, further expansion of regional trade and communications, and, in general, to regional and trans-regional integration processes.

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## **CHAPTER 4**

### **CHINA PAKISTAN ECONOMIC CORRIDOR AND INTER-PROVINCIAL CONTROVERSY IN PAKISTAN**

At present, most of the political parties in Pakistan recognize that the China-Pakistan Economic Corridor is of great benefit to Pakistan's economic development. All provinces have a positive attitude towards economic corridor construction and hope to share the dividends in the construction of the China-Pakistan Economic Corridor. Although the China-Pakistan Economic Corridor has established a basic road map with Kashgar as the starting point and Gwadar Port as the end point, the specific route in Pakistan is highly controversial, which has caused the central government to fail to implement the corridor construction progress as originally planned. At present, the disputes in Pakistan about the China-Pakistan Economic Corridor are mainly concentrated on the issue of route selection.

CPEC is a national wide project accepted in the all four provinces of Pakistan including Gilgit Baltistan (GB). Even the nationalists Baloch, most political leadership of Khyber Pukhtunkhwa, Punjab, Sindh, and the residents of GB are in favor of the project dreaming it that this mega economic developmental project would be beneficial for all the communities of Pakistan. Though the separatist's elements in Sindh and Baluchistan initially accepted CPEC project, but later on adopted a hostile stance with their explanatory talks with the central government failed. Small provinces like Baluchistan and KP also feared that the central government in support of the dominated province Punjab would gave less share in the distribution of CPEC developmental projects. Such apprehension of these small provinces are the result of the historical realities within Pakistan of the unequal distribution of resources and development, and the PML-N Punjab based political party government at the centre and its approach towards CPEC. In the following pages the positions of Pakistan's provinces on CPEC have been analyzed in detail.

#### **CPEC AND KYBHER PAKHTOONKWAH**

Since the main part of the China-Pakistan Economic Corridor is located in Pakistan, China must promote the construction of the economic corridor. It is necessary to obtain the active cooperation of the Pakistani side. Although, both China and Pakistan have attached great

importance to the construction of the China-Pakistan Economic Corridor, and the construction of the corridor has made significant progress after President Xi's visit to Pakistan, but the China-Pakistan Economic Corridor is still exposed during the promotion process.

Pakistan's domestic political constraints have led to poor project implementation efficiency. The biggest challenge currently facing the construction of the China-Pakistan Economic Corridor is the lack of implementation and implementation of the project. The underlying reason is that the Pakistani government is under domestic political struggles and institutional constraints, and its implementation capacity is low. The most important one is the opposition party politics on domestic political front.

In order to condense domestic consensus on the construction of the China-Pakistan Economic Corridor, Sharif convened two meetings of all parties'. Although all parties' parties have reached an agreement on the China-Pakistan Economic Corridor, the opposition still does everything in its practical implementation, and almost every project faces opposition boycotts.

After President Xi's visit to Pakistan, the dispute between the East and West lines of the China-Pakistan Economic Corridor broke out in Pakistan. After the all-party meeting, the opposition also proposed a dispute between the so-called West Line and early harvest projects. Second, the dispute between the central government and the provincial and local tribes is fierce. The East-West dispute is also a dispute between Punjab and Balochistan and Khyber Pukhtunkhwa.

The strongest opponent of the China-Pakistan Economic Corridor project is Khyber Pukhtunkhwa. The province's chief minister, Pervez Khatak, had asked Prime Minister Sharif to eliminate misunderstandings at the various party meetings on his "Western line" commitments. Some tribal leaders have no strong willingness for local development; especially fear that local people will threaten their rule after economic development and ideological development. Third, the Pakistani government and all walks of life have only grand concepts and ideas for the China-Pakistan Economic Corridor, but lack overall and specific plans and failed to get the confidence of all provinces on this mega project.

In the political system of Pakistan, federating units are blaming each other on the basis of ethnic and territorial nationalism, which is harsh reality. CPEC plan has been severely criticized

by national and political parties of Baluchistan, KPK and Sindh against Punjab. KPK also raised issues on CPEC and cried over the route changing. They claimed that KPK have been ignored in the CPEC long Gwadar Kashgar route. By changing the route the federal government in CPEC project should give due shares to KPK said by leadership of ANP. He also said that to end the extremism in KPK and Baluchistan the only way is development because both provinces were always deprived and not treated as Punjab.

Due to poverty, unemployment and not treated equally as Punjab force them to come out with extremism for obtaining their rights. The federal government should think about smaller provinces as Pakistani not as Punjabi. They also ensured the old route transfer to smaller provinces equally and abolished the extremism from KPK and Baluchistan. The government of KPK has found that federal government professed plan for KPK to depriving them from its due rights in the project of CPEC and this attitude of federal government made them angry.

The KPK Chief Minister Pervez Khattak announced that they will knock every possible forum against the federal government by KPK and will also protest for their rights about provinces till achieving the goal. Dr. Said Alam Masood, he was disclosed that for KPK only 1.4% shares had allocated and Punjab will have pleased with 80.4% of total budgeted. It was informed that in favor of Punjab the CPEC had been changed and western route link was not included in the latest CPEC route map by Federal government and that was kept in secret.

It was also find out that for the project of motorway of the CPEC would be spend Rs.9.5 billion of total Rs.1.85 for the route of Eastern and the remaining budgeted will be spend for Lahore with Gwadar and Karakorum highway connection. The federal government was tried to keep in dark the smaller provinces by hiding everything about the project. Moreover, it was announced by the government of KPK that it would not be tolerate such kind of injustice to the people of KPK and would protesting for the rights of the province and would go to every extend for it.

The KPK government reaction was very strong for injustice and they will also take all the parties into confidence for protest against the commitments backing out and stopped the process of corridor. They also said for unjustified benefits of the biggest province of Pakistan the money

of KPK will not be allowed to spend on this project and the federal government will also not allow for taking any step about the federating units without their consult.

In February 2015, an all party's conference was organized by ANP (Awami National Party), strongly opposed the possible change in the route of the CPEC, while demanding the federal government to take clear policy by removing all kinds of ambiguities about the economic corridor. The conference was held in Islamabad attended by Khurshid Shah, Farhatulla Baber (PPP), Shah Mahmud Qureshi (PTI), Atta-ur-Rehman (JUI), Bazenjo (National Party), Aftab Sherpao (Qawmi Watan party) Tariq Ullah (Jamiat-e-Islami leaders) and Naseem Ehsan Shah, Rauf mengal, and peoples from FATA and lawyer community etc. the conference concluded that in the light of the recommendations of the Planning Commission of Pakistan, the construction of the project should be started on a quick and combat basis and the construction of the remaining roads and link road should be done later. It was declared that if the federal government did not fulfill its promises on the old routes, it would create deep sense of depression and sense of hypocrisy, in KP and Balochistan.

The PPP says the federal government made changes in the CPEC project in a controversial manner to grant benefit to one province, which has caused huge damage to the federation, the federal government itself is weakening the federation. Tahrik-e-Insaf said that the whole nation including the All Parties Conference is looking at the Pak-China Economic Corridor with great consideration. If the federal government shows its prejudice in the project then it would increase gulf amongst the provinces. The leadership of the Jamaat-e-Islami said that the project should be presented in Parliament and it should not be made controversial before the visit of the President of China to Pakistan.

At the end of the All Parties Conference, a joint statement was issued, which said that Pakistan is pleased to increase economic cooperation among the great neighbors and the friendly country, especially China, welcomes the economic corridor, in the region increasing economic cooperation will prove to be a golden chapter. The all parties' conference fully supports this mega project with the timely completion.

However, the Planning Commission of Pakistan had initially chosen a low-level and low-cost route of CPEC, passing through the southern districts of Khyber Pukhtunkhwa, passing



through Quetta, and reaches Gwadar. The current corridor, not just the name of a large road, but also includes railway lines, oil and gas pipeline, fiber optical cable, energy project and economic park. We are not against additional roads and link roads, but demanding that the government need to work on the old route of CPEC. Because Khyber Pakhtunkhwa and FATA are backward areas and they have suffered much from terrorism, which can be restored by the construction of an economic route.

The All Parties Conference demanded that the Planning Commission of Pakistan should first make the old route as it was decided earlier and the rest of the roads and link roads should be built later. If the federal government is did not fulfill the demands and its promise on the old route, it will increase sense of deprivation amongst KP and Balochistan. In this regard, the central government is demanding that it adopts a clear policy on CPEC and remove all kinds of ambiguities about the economic corridor.<sup>1</sup>

In April 2015, the Chief Minister of Khyber Pukhtunkhwa Parvez Khattak has expressed serious concern about the Pak-China economic corridor and has warned that if the federal government does not solve the problems they will be forced to take a big step. He expressed his reservations after the news conference in Peshawar that if the federal government changes the initial route plan for the corridor, the provincial government will launch a legal and political protest. He said “We will launch a legal as well as political battle if the federal government changed the original route of the PCEC”.<sup>2</sup>

On 28<sup>th</sup> May 2015 Prime Minister Nawaz Sharif held a full-fledged political parties conference on CPEC. Federal Minister for Planning, Mr. Ahsan Iqbal informed the participants of the conference, about the details impact, goals and project of the economic corridor. After getting informed, all political parties welcomed the conference outcome. In the joint conference it was agreed that on priority basis the construction of western route would be start due to the backward areas of Balochistan and KP province.

Parvez Khattak expressed his concern over the fact that instead of given priority to the Western route, the federal government has already given priority to eastern route because it passes through the province of Punjab. Part from that, with eastern route there are fiber optic,

railway rails, gas oil pipeline and LNG and other facilities, while in western route there is just a road.<sup>3</sup>

The CPEC project was debated and criticized at the meeting of the Senate Standing Committee on Communication, held in November 2015. The Chairman of the Senate committee Senator Daud Khan Achakzai called CPEC a “highway project between China and Punjab”. He further noted that “it is, in fact, the China-Punjab Economic Corridor because it will mainly benefit Punjab and not the other provinces.” He added the PM Nawaz Shairf is busy in inaugurating of CPEC projects only on eastern route i.e. industrial zones in Lodhran and Sialkot but the western route is completely ignored. He stressed that since there have been no progress on the “Quetta-Chaman Road, Zhob-Mughal Kot Road and the Kachlak bypass.

A member of the Senate Committee Senator Usman Khan Kakar said that ignoring western route is really not a good sign and the government of Nawaz Shairf is failed to satisfy all federating units on CPEC. He stated that “unfortunately, 20 percent of the country is preferred over the rest of the 80 percent of the country”. The Chairman of NHA (National Highway Authority) and Communication secretary Shaid Ashraf Tarar tried to address the committee members’ fears and concern but failed. He said that the province of Baluchistan is not ignored and the government has allocated Rs 20 billion for the development of Baluchistan. He also said the PM would inaugurate two main highways the N-50 and N-70, the Kuchlak Zhob D.I.Khan and Multan DG Khan Loralai Qilla Saifullah. Senate Standing Committee supported the construction of Sukkur-Multan motorway under CPEC and stressed on the development of western route. The secretary of the Senate Standing Committee on Communication confirmed and confessed that no funds were allocated for the construction of western route under the CPEC.<sup>4</sup>

Understanding the importance of the matter and to remove the reservations of the stakeholders, the federal government held two all parties conference on 28 May 2015 and January 15, 2016. In the first conferences, Nawaz Sharif has assured to overcome the reservations and promised that the western route would be the first to be made, but the transactions will be transparent and the funds will be allocated, which later the Khyber Pakhtunkhwa Assembly approved an agreement for implementation. However, according to all stakeholders, the federal government could not overcome the concerns of small provinces. Again

there was another conference on January 15, 2016, but still the concerns and doubts remained valid. According to the government of Pakistan, out of 15 energy project, 6 in Sindh, 6 in Punjab including 2 combine with Sindh, 2 in Balochistan, and only one in KP. <sup>5</sup>

In January 2016, the talks between Pakistan's federal government and Khyber Pakhtunkhwa province on the Pak-China Economic Corridor have failed while the reservations of KP over the corridor remained unresolved. The Federal Minister for Planning and Development Ahsan Iqbal briefed the provincial government and the parliamentary leaders of all the political parties, but the political parties, including Chief Minister, expressed dissatisfaction.

Addressing an emergency press conference in Peshawar, Khyber Pakhtunkhwa government spokeswoman Mushtaq Ghani said that the federal minister has failed to remove KP reservations on CPEC. Ghani said, Iqbal was confused in talks all day and could not talk about what he had been saying and he was not satisfied. However, a committee was established which constitute the representatives of federal government and provincial government of KP to resolve the issue. Mushtaq Ghani said that the provincial government is ready to go to any extent for its rights.

Addressing the news conference at the Peshawar Press Club, Federal Minister Ahsan Iqbal told the impression is completely misunderstood that from CPEC project only one province (Punjab) would get benefits and other provinces would be ignored. He said that CPEC is a national project all provinces will be equally beneficial from this project. In response to a question, Ahsan Iqbal said that the government is fully committed to implement the decisions of All parties conference where all the provincial government officials had decided and these decisions will not be avoided in any way.

It is believed that the Khyber Pakhtunkhwa government has expressed 13-point reservations on the CPEC. In this regard, the Chief Minister Khyber Pakhtunkhwa Pervaiz Khattak has also written a letter to the federal government, in which these points have been discussed in detail. All political parties in the province are also supporting the stand of provincial government.<sup>6</sup>

In 20<sup>th</sup> July mass gathering would participate whose are including head of all political parties, elders and associating head, he said, the date would announced for Mansehra, Haripur,

Havelia Abbottabad and Battagram. Begum Nasim Wali said on the occasion about Pakhtoon nation rights, and said she would support every programs and fight for the rights of them which were in KP's favor. According to her, she vowed that "changes in the corridor route would darken the future of KP", and "it would be better to die than accept changes in the western route".<sup>7</sup>

On 24<sup>th</sup> July 2016, a massive protests rally was organized in Karak district against the decision of the federal government to change the route of CPEC, and considered it a deprivation of KP people. The corridor front led by Asia Alam Mehsud protested in front of the Peshawar Club and demanded the central government to accept the Pashtoon's share in economic corridor. He maintained that the Nawaz government deceived the people and government of KP by making the change in route from west to east, which will benefits only Punjab and will ignore the KP. He stressed that "we informed the Chinese government that Pm Nawaz had cheated and made changes in China-Pakistan Economic Corridor". He noted that "security division could not control further conspiracies to deprive KP, Gilgit Baltistan, Federally Administrated Tribal Areas (FATA) and Balochistan from their basic rights." Objecting on the Chief Minister KP, he said that the Pervez Khattak initially refused to sell lands to the federal government but now he is "going to sell the land to the federal government."

Pervez Khattak said the federal government thinks only of the development of Punjab, as consider it the whole country development. Punjab is not given anything to small provinces. The strategic significance of Western Route cannot be ignored, while Khyber Pakhtunkhwa and Balochistan are the major stakeholders, the problems should be resolved. And if the benefits of the economic radar have not come to us, nobody will be allowed to have it. Khattak says KP assembly that I have twice asked from the Chinese Ambassador that whether western route included in CPEC and I was answered with no. He said that "It has been made clear that the Centre kept us in the dark. We do not need any ordinary road as we ourselves could make Metro and motorways. We should be provided an economic corridor with all facilities. We are talking about the province, not playing politics. If we were not satisfied, we would neither provide land, nor allow the work to be done."<sup>8</sup>

The federal government of Nawaz Sharif was not listening to the reservations of KP government and overall ignored its demands. Such ignorance from the center was compelling the

KP government and Khattak to make the corridor controversial. The KP government continuously demanded that if it was not given its due share, he has been threatening not to provide land for the CPEC project and also to boycott the project. In Peshawar High Court through Speaker, the government of KPK has filed a petition with the approval of PTI Chairman, from the court they were seeking direction to the Nawaz for honoring his pledges made at the all parties' conference.

Though Ahsan Iqbal the minister for planning and development has extensively informed the various political parties within Pakistan on CPEC project, that the corridor of connectivity would pass through all four provinces by connecting Gwadar to Kashgar, and the working group on CPEC are working on the location of economic zones looking to the technical aspect too. But he avoided showing that there is change in the routes of CPEC, nor get the confidence of any province for the change in route.

Thus the controversy was triggered by ANP and PTI in KP regarding the change of route, and the federal government was on ignoring position. The reservation of KP government on the change in western route and prioritization of eastern route connecting Lahore were not without any logic. But the federal government was not ready to listen to any of the reservation of KP.<sup>9</sup> The rumors are looming over the Western route of CPEC, clarified by the Chinese Embassy in a statement. The multiple media outlets reported that the no existence of western route and informed the KP government by Chinese Ambassador.

CPEC is a nationally owned mega project and consider as the fate/game changer in the region initiated by both China and Pakistan, but some elements of the domestic scene of Pakistan is trying to make it controversial. First of all the Awami National Party (ANP) in KP started a route change controversy that the central government of Nawaz Sharif has change the main route which was passing through KP and turned it towards Lahore side which is now passing through the province of Punjab. After given assurance by the Nawaz Shairf government, a new controversy has been stated by the government of PTI in KP, over the prioritization of the routes. The work on the western route is under pipeline, while priority in the construction of the eastern route has been given that passes through Punjab and Sindh. The Chief Minister of KP Pervez Khattak has even issued a threat to the central government that a mass agitation against the Nawaz government would be started if the demands of KP were not addressed.

The main concern of the Khyber Pukhtunkhwa province was reflected in the resolution of its assembly that only eastern route is on priority while western route of the project is totally ignored. The claim of KP was widely repeated by its leadership over the years, and the central government remained failed to overcome the concern of KP leadership. The central government including the planning commission of Pakistan many times ensured that western route is included in the project, but since no documentary evidence was provided so the fear of KP politicians remained valid for the time being.

## **CPEC AND BALOCHISTAN**

China Pakistan Economic Corridor projects have been supported by the moderate political parties of Balochistan; however they remained dissatisfied on the policy of federal government on CEPC. The tough elements and political parties of Balochistan including separatists' elements opposed to CPEC. These tough and separatists elements of Baloch society have long standing reservations on the economic policies of federal government and always accused the federal government for violation of the natural resources of Balochistan. Some the Baloch leaders remained in exile and thus they strongly opposed the CPEC project that on the economic and natural resources of Balochistan only the Baloch nation have the right and would not allow any other one to violate it. Moderate political parties support the China-Pakistan Economic Corridor and support the introduction of Chinese investment projects in Balochistan, but they are dissatisfied with the Pakistani federal government's policy on the construction of the China-Pakistan Economic Corridor. The main points are as follows.

First, the Pakistani federal government did not include the representative of Balochistan in the decision-making level of the China-Pakistan Economic Corridor project. Therefore, the rights and interests of the Baloch could not be guaranteed during the construction of the project. For example, in May 2015, the Balochistan National Party (BNP) leader Jehanzaib Jamalini said that the “people of Gwadar and Balochistan have been ignored by rulers in all agreements”, of CPEC. Speakers from Balochistan observed that their province leaders were not taken into confidence by the federal government in developmental works and told “we want justice and rights.”<sup>10</sup>

Sardar Akhtar Mengal (the ex-chief minister of Balochistan), the leaders of BNP criticized the federal government dominated by the Punjab leaders, that CPEC would benefit only Punjab while leave other province dry. He said “I have never opposed any development but again I would clarify that our objective and mission is wide and clear that any development which turns the Baloch people into minority will be opposed with full strength.” He further added the “I have talked about these apprehensions some 20 years ago that Gwadar is being developed not for the Baloch people but for Punjab”.<sup>11</sup> In another statement Mengal said that out of \$ 46 billion project, there is only 1 billion dollars for Balochistan province and thus small provinces are being deprived of their rights in CPEC. Even the local people are not allowed to enter to Gwadar.

The Baluchistan has claimed that Gwadar port and all resources shall be the rights of only Baloch people raised questions. However, there will be no personal property of any province on strategic projects and natural resources. All these strategic resources and assets are national asset which will be for entire country to get benefits from it. The province should be on priority basis where all these project have and natural resources places.<sup>12</sup>

Even the ruling coalition of Balochistan opposed change in CPEC route. Thus various gathering were arranged to strongly protest the role of the Pakistani federal government in ignoring the leadership of the Balochistan provincial government and BNP in the China-Pakistan Economic Corridor project.

Second, the Pakistani federal government has not taken any action to increase transparency and address information disclosure. Taking the current energy cooperation as an example, Baloch believes that most of the current power projects are operated by private sector enterprises, but the public is ignorant of the debt-to-equity ratio of the private companies that implement the projects. They protest that a large number of solar and hydropower cooperation projects are rapidly expanding in Punjab, but Balochistan, which has strong interest and potential for development, has not been able to gain.

Third, how will the political, economic and social rights of Baloch people be protected? Leaders of the Balochistan National Party believes that the China-Pakistan Economic Corridor must first address the urgent problems involving the lives of local residents in Balochistan, such

as clean water sources, land use rights, etc. The people of Balochistan are worthless. All in all, the moderate political party represented by the Balochistan National Party and the National Party hopes to use the China-Pakistan Economic Corridor to pressure the Pakistani federal government to gain more autonomy and economic development opportunities, and hopes that the political rights of the Baloch and Economic interests are respected and protected in the process of China-Pakistan economic cooperation.<sup>13</sup>

Hard-line political parties and armed groups oppose the China-Pakistan Economic Corridor. Their reasons are:

First, in the context of China-Pakistan friendly relations, Chinese enterprises investing in Pakistan can guarantee strategic mutual trust. However, due to differences in internal regions, religious differences, ethnic differences and cultural differences in Pakistan, local political factions and tribal traditional forces are still not unified on CPEC. Doubts about China's market economy status, doubts about China's "political and enterprise indivisibility" status, and the true intention of Chinese enterprises to expand overseas. Politics brought about by worries risk. For example, since the implementation of the Corridor Project, a heated discussion has taken place in Pakistan, and the Balochistan separatist forces are particularly concerned about this. Hard-line political parties and armed groups oppose the China-Pakistan Economic Corridor. Their reason is that the China-Pakistan Economic Corridor may allow the Chinese to over-explore and utilize the natural resources of Balochistan as a local person should stop the Chinese investment activities. They believe that in the era of economic globalization, Balochistan has become the target of Chinese commercial capital plunder due to its unique geographical location and abundant natural resources. Chairman of the Balochistan Republican Party, Brahamdagh Bugti stated clearly at the Geneva meeting of the party's European branch in June 2015 that China's development and intervention in Balochistan is unacceptable, and investment in Pakistan is an excuse for China to plunder the natural resources of Baloch.

Opposition to CPEC in Balochistan, believe that the China-Pakistan Economic Corridor may allow the Chinese to excessively exploit and utilize the natural resources of Balochistan as a local person should stop the Chinese investment activities. In their view, in the era of economic globalization, Balochistan has become the target of Chinese commercial capital plundering due to its unique geographical location and abundant natural resources.



Baloch Republican Party Chairman Brahamdagh Bugti said that CPEC is “not a deal between China and Pakistan; it is a deal between China and the Punjab province ... But we don’t allow China and the Punjab to use Balochistan for their benefits”. He further said that they are “exploiting Baluchistan’s resources and conquering its land. The Punjabi elite want Baluchistan’s wealth minus the Baloch people.”<sup>14</sup> Even the leader of Baloch militant group Dr. Allah Nazar (Balochistan Liberation Front) has issued a solemn warning to Chinese companies investing in Gwadar Port.<sup>15</sup>

The province of Baluchistan is the rich resources province of Pakistan, which is in the eyes of rivaling and also important for some imperialistic and regional powers wanted to increase their influence to gain mineral and economic resources of their province. It is fact that since 1947 Pakistan government was neglected Baluchistan in each and every aspect educationally, socially and economically. That’s why Baluchistan was remained under-developed.<sup>16</sup> In this context China assisted Pakistan in developing Gwadar Port to link it with Kashgar in future Plan.

Gwadar in economic development played an essential role in a country. But the province was neglected. In this region, there is no proper system of water reservation, any electricity, any industry and employment. To see this condition, we can say deprivations were on its peak. The local residents compelled a tough situation and migrate from Baluchistan. The government of Baluchistan was also not given proper attention over the development of local people and areas and they remain silent. The people of Baluchistan have more rights on natural resources because these were discovered from their region but Baloch people war always deprived from these resources. The all struggle was for federal government to make it more powerful. On the floor of CCI, the government of Baluchistan has raised issues on the CPEC and for Baluchistan and they demanded more funds but deplore that it was not raised. The NHA and the ministry of communication demanded that in the CPEC project the main cities of Baluchistan should be included which will prosper the lives of local people.<sup>17</sup>

CPEC is the 46 billion \$ vows development for a long time in Baluchistan. It was decided that the Gwadar Port would connect with Xinjiang by highways, pipelines to transport gas and oil.<sup>18</sup> CPEC is said to be bringing changing to the lives of Baloch people, towards happiness, prosperity and development. The aim of CPEC is to give energy-hungry China an alternative route to the rich resource Middle East. The essential Port of Gwadar when it will connect to the

Western China and this as strategically vital nation will better the position of Pakistan in the region.

The Western route broader outline as agreed and identified between China and Pakistan, before leading to Islamabad the areas which are including Nag, Qilla Saifullah, Qalat, Turbat, Basima, D I Khan, Zhob, Panjgur, Gwadar. They have decided to divide the Western route into different parts like DI khan-Mughal Kot crossing 124 kms, Zhob-Quetta containing 331 kms, Hoshab-Turbat-Gwadar 193 kms, the Haka-DI Khan division consisting 285 kms, Quetta-Sorab 211 kms, Sorab-Hoshab passing 449 and Mughal Kot-Zhob 81 kms.

On February 3, 2016 Nawaz Sharif inaugurated the road between Gwadar and Hoshab which has already been accomplished. He also laid the foundation of the Zhob-Mughal Kot area in 2015; Zhob-Quetta area has been also finalized. On other side Sorab-Hoshab area is completely in fluctuates and he Burhan-DI Khan highway has been also on work. The Western part, Havelian-Hazara motorway will associate with Burhan is also ended. Under CPEC the infrastructure projects have a timeline of 2030 for their finalization and it is anticipated that the work on them will be assumed in periods.

It is also expected the Baluchistan area possibly will get priority from the Western route.<sup>19</sup> The Western route infrastructure quality should be better as like the eastern route. For this the government must have allocated to the route the required financial resources. First should be constructed the Western route rather than the other two routes because it can become functional before the others. As is regularly the case if situations are not perfect then the work should start with the other routes. For economic planning and development timing is central but most importantly which route is best to take first and perform essential role in succeeding way of growth.

The Western route should be located along with half of the industrial parks, other supporting elements of the corridor such as railway tracks, gas pipelines. The industrial zones will be set up in Baluchistan according to the CPEC project. There will be established universities and that will emphasis on Chinese culture and language. Political stability in Pakistan and Baluchistan is the key for success of CPEC. Regardless of all negativity the

growing economic activity bring economic fortune to the least developed economic regions of the country and Baluchistan.

The Bloch separatist leaders and the state perhaps economic gains have convinced both of them to re-think about their mutual hard-line approach. The Baloch leaders have realized that insurgency is not a best way to Baluchistan' enduring problems while sensing CPEC as an opening to convert their economic and political objections. Hundreds of militants have willingly surrendered in recent months because of the government newly adopted methodology of settlement, while providing financial rewards it assurances forgiveness from prosecution.<sup>20</sup>

The development in Baluchistan is definitely development of Pakistan said by Nawaz Sharif said "A new Pakistan is in the making. A developed Balochistan means a new Pakistan".<sup>21</sup> Nawaz Sharif mainly highlighted that if the whole Baluchistan is connect to Gwadar then the whole Pakistan local masses will be part of the economic raise and this will acquire marvelous opportunities through motorways, network of roads and highways. This linkage of road is the part of CPEC and Gwadar port development.

Second, the Baloch militant considers that China-Pakistan Economic Corridor is only beneficial to the Chinese and Pakistani federal governments, and the political, economic and social rights of the Baloch will be infringed under the name of "regional development". For example, the China-Pakistan Economic Corridor will attract people from Punjab and Sindh to come to work, and the influx of people outside the province will threaten the employment and life of Baloch. In order to improve the safety and security of the construction of the economic corridor, the Pakistani side has set up a special security department to cooperate with the sword operation in North Waziristan in June 2014 to increase the suppression of extreme violence in Balochistan. Baloch people do not seem to be good news. Ashraf Sherjan, chairman of the German branch of Baloch Republican Party, even warned that the "world must consider Baluchistan's condition before joining OBOR initiative".<sup>22</sup>

It is must be noted that in the past few years, the oil and gas, ports, transportation facilities and even Chinese engineering personnel jointly built by China and Pakistan in Balochistan have become the targets of the Balochistan separatist armed groups. Before and after the outbreak of a new round of armed conflict between the Balochistan and the Pakistani federal

government in 2005, the Baloch separatist forces planned a number of attacks against Chinese personnel. For example, on May 3, 2004, 12 supervising engineers of the First Navigation Planning Engineering Survey and Design Institute of the Ministry of Communications of China encountered a car bomb attack on the construction site of Gwadar Port. Three people were killed and nine people were injured. On November 15, 2005, several rockets attacked the construction of a road construction site near Guindel, Xinjiang, China. On February 15, 2006, Chinese engineers who were technically assisted in Hubu Town, Balochistan Province suffered horror. Attack, three people died. Therefore, armed groups such as the Baloch Liberation Army, the Baloch Allied Forces, the Balochistan Republican Army and the Baloch Liberation Front may also launch attacks on the China-Pakistan Economic Corridor or Chinese engineering personnel.<sup>23</sup>

Baluchistan is a rich region in gas, copper and gold, also on oil and uranium but on the other side there is political and economic instability also exists. The problems of this underdeveloped region are growing worse due to state unfair policies and region had always exploited to its natural resources. As a result, this gave birth to militants and Baloch nationalists who have been undertaking insurgency against federal government Islamabad. The Baloch people blame the government for unfair policies that would deprive the province. In response, the government proclaimed that the security condition is worsening which made investors frighten and now they are hesitating to invest in this area.

The interest of China in the region is long-standing and concentrating on the Gwadar Port as a possible shipping hub but the attacks of terrorists and incidents by insurgents of Baloch have frighten investors of Chinese. In this condition, the initiative of CPEC has not possible as successful project. Zarb-e-Azab, the ongoing operation of Pakistan military carried out against Islamic extremist groups and militants and this gave a positive sign for beginning this project.

The government had decided to give 10,000 to 25,000 special security trained force to ensure security at the Port city and for Baluchistan this might be good news. Parties were involved along with Baluchistan, the federal government and people; they all were slowly realized the significance of working together. Beside the security improved situation of province will be linked directly to the autonomous region of Xinjiang which will be in the CPEC granted essential place.<sup>24</sup>

To bring peace in Baluchistan and its significance position make all government involved and became interested in a prosperous and stable Baluchistan. For a multitude of economic opportunities these advancements will give a proper way. It will give extend and attract foreign investors and also help nation to progress in the whole world. Through this project Baluchistan might be finally achieve peace and stability. The trade corridor for a north-south, the most convenient, feasible and shortest strategic route access to Gwadar port is Indus Highway.

Proceeding from the northern part of Pakistan till Gwadar, is the shortest link and it fulfills all the preconditions of the CPEC. All the under-prerogative population centers of Baluchistan, Sindh and KPK passes through them and the route are on the west bank of Indus River. There is no need to spend billions on building a new corridor where is no gas, fuel, electricity, telecom facilities and water etc. the up gradation of High Way Indus, to a world class motorway for connecting Gwadar to China, is included in CPEC.

China's development and investment in Balochistan Province, in the eyes of Baloch, is in contradiction with their political demands. Political parties and armed groups with strong lines have been committed to the "independence" movement for many years. China's development of Balochistan is a strong stimulus to the so-called "sovereignty" of Baloch, and it is possible to consolidate the Pakistani Federation. The government's rule in the region is something they cannot accept. The moderates attach great importance to autonomy and oppose being controlled by the central government. They are particularly disgusted with the direction of the development of the outsiders including China. Along with, the Balochistan and the Pakistani federal government have been controversial over the long-term economic development issues. After China increased its development and investment in Balochistan, the separatist forces were very worried that the province's natural resources and economic interests were infringed by the Chinese.

Although Balochistan is economically backward, its natural resources are very rich. According to statistics, five of the nine mineral belts in Pakistan are distributed in Balochistan, containing natural gas, coal, ferrochrome, copper, sulfur, marble, etc., accounting for about 50% of the country's total mineral resources. The province's natural gas accounts for a large proportion of the country, and it has been found that gas fields account for about 35% of the country's total. The Suey gas field is close to 25% of the country's total production and is one of

the top ten natural gas fields in the world. In the Chaga area, Reick Dick has the world's largest copper deposit. The rich natural resources of Balochistan have long been noted by the Pakistani federal government, but for a long time, the economic policy and development plan of the Pakistani federal government has not been recognized by the local forces of Balochistan. The controversy between the Baloch separatist forces and the Pakistani federal government is mainly about who is the beneficiary of Balochistan development activities, whether the government is strengthening the military's control over the region, the transparency of project procedures and the decisions of local people in the name of development. The power and the corruption of government officials have been fiercely confronted.<sup>25</sup>

The Baloch separatist forces expressed dissatisfaction or opposition to CPEC, and mainly focused on the above-mentioned disputes. For example, they believe that the Pakistani federal government has not agreed to the transparent process of the people of, and that the port of Gwadar is handed over to the Chinese side. The federal government refuses to share with the Balochistan about the statute of limitations, port use, management mechanisms, Any details on cost and revenue, safety protection; since the signing of the Gwadar Port project contract between China and Pakistan, the port and shipping construction has been the sole responsibility of the federal government, and the Balochistan provincial government has no decision-making power; all infrastructure construction is carried out by foreign companies. They assumed that most of the technical posts in the construction of the project are also occupied by the Punjabi and other national technical workers; when the port project is completed, it will attract a large number of residents from other regions, especially the Punjabi, to make the Baloch people a minority. The population structure of Gwadar and the entire Balochistan province will change. Baloch separatists believe that the consequence of the project construction is a cultural invasion. Pakistani government officials illegally sell the surrounding land in the port construction project at the expense of the interests of the Baloch unjust wealth; local people after the start of the port construction project.

After China increased its development and investment in Balochistan, separatist forces feared that the province's natural resources and economic interests were "exploited" and "plundered" by China. Hardliners hope to drive away Chinese investors through fierce protests and crackdowns on economic development projects. The moderates took China-Pakistan

economic cooperation as a public topic and put pressure on the Pakistani federal government, hoping that the economic interests of Baloch would be respected and protected. In fact, doubts and protests are not limited to the China-Pakistan Economic Corridor, but also to several Chinese investment projects in the province, such as the Shandak Copper and Gold Mining and the Du Da Lead and Zinc Mining.

Third, the cognitive model of the Balochistan separatist forces on the Pakistani federal government determines to a certain extent that the federal government's policies adopted in the China-Pakistan Economic Corridor are more difficult to obtain their recognition.

Beginning in the first half of 2014, the Pakistani opposition forces represented by the Baloch separatist forces focused their attention on the route design of the economic corridor, accusing the Pakistani federal government of planning the corridor without authorization from the relevant provincial government changed the route from the Western Front to the Eastern Front, a massive protest was launched. Since the Balochistan separatist forces have disagreed around the design of the China-Pakistan Economic Corridor, many times the opposition voices have been expressed in a non-constructive way with irrational goals. Some factions do not comprehensively assess the advantages and disadvantages of the economic corridors for the development of Balochistan, and they arbitrarily believe that they cannot accept China's development, based on the fact that as long as the initiative proposed by the Pakistani federal government is a conspiracy; some factions organize demonstrations. Pressure on the government, but they cannot make any constructive opinions; armed groups take this opportunity to create an unfriendly atmosphere of public opinion and even launch violent activities. After Mr. Xi's visit to Pakistan in April 2015, people of insight wrote in the Pakistani media that all parties should gather consensus and not miss the historical opportunity of China-Pakistan economic corridor construction, but they have not been recognized by these political forces.<sup>26</sup>

In fact, Chinese officials have not explicitly stated the specific route of the China-Pakistan Economic Corridor, and emphasized the comprehensiveness of the economic corridor on various occasions. For example, Sun Weidong, the Chinese ambassador to Pakistan, clearly stated the comprehensive concept of the corridor when he attended the first International Forum of the Silk Road Economic Belt and the Global Business Leaders Western (Kashgar) Roundtable in July 2014. However, the China-Pakistan Economic Corridor has caused fierce controversy in

Pakistan, so that on May 28, 2015, the Pakistani federal government had to hold a political party meeting to discuss with the leaders of various parties on the design and implementation of the China-Pakistan Economic Corridor route. The decision of the All-Party Assembly determined the priority to build the "Western Line", but it also failed to eliminate differences and new disputes reappeared. The meeting did not address the details of the budgetary use of the Western Front Construction and how the two western provinces were developed, which in turn caused dissatisfaction with the Balochistan separatist forces. Mengal, the leader of the Baloch National Party, who is more moderate, expressed a certain degree of anxiety. In July, the Balochistan provincial government, represented by the National Party, presented a report to the federal government stating that the eastern route would pass through the densely populated central cities of Punjab and Sindh, occupying a large amount of agricultural land, and thus the eastern line was built in the economy. It is not feasible, but the Pakistani federal government is artificially raising the cost of construction on the eastern line.

At a seminar held on February 1, 2016, including people from all walks of life in Balochistan, the leader of Balochistan suggested that Chinese investors should explain clearly what Pakistan can benefit from the China-Pakistan Economic Corridor, especially it is Balochistan. The Baloch student organization Azad faction and the Baloch Republican Party refused any dialogue with the Pakistani federal government and insisted that China's development of Balochistan was unacceptable. In addition to the above three main reasons, the role of the tribal leaders of Balochistan and the international forces such as the United States and India in intervening in the activities of the China-Pakistan Economic Corridor cannot be ignored.<sup>27</sup>

At least for the time being, the Baloch separatist forces have gradually extended their influence to the United States, Europe, Australia, the Gulf countries, etc. To internationalize the Balochistan problem and exert greater pressure on the Pakistani federal government, this may result in the construction of the Pakistani economic corridor is more complicated. For example, in the first half of 2015, the Baloch Republican Party in the four branches of Switzerland, Germany, Sweden, and the United Kingdom repeatedly lobbied the above countries and the United Nations agencies in Europe by holding political party meetings, participating in



international conferences, and launching protests about the situation in Balochistan, including China's development activities in this region.

The Baloch separatist forces in Pakistan have expressed dissatisfaction or opposition to the China-Pakistan Economic Corridor. There are various political, economic, social, cultural and psychological reasons related to the history of the separatist movement. The deepening of China-Pakistan economic and trade relations has triggered the political and economic anxiety of the Balochistan separatist forces. They believe that China's increased development and investment in Balochistan will defeat its efforts to pursue the independence of Balochistan. They are worried that Balochistan has been “plundered” by the Chinese because of its unique geographical location and abundant natural resources. At the same time, the cognitive mode of the Balochistan separatist forces on the external rigidity and the traditional tribal system also deepened the negative views of the separatist forces on the China-Pakistan economic corridor.<sup>28</sup>

The internationalization of the Balochistan issue will bring a more complicated situation to the construction of the China-Pakistan Economic Corridor. It is not appropriate to underestimate the negative impact of Balochist separatism on the China-Pakistan Economic Corridor. At present, China should attach great importance to this issue and take timely measures. First, we should change the narrow understanding of the term “corridor”, comprehensively plan and carefully design the China-Pakistan Economic Corridor, and adopt a regional economic integration model to deal with this problem.

The economic factors such as capital, technology, information, and labor in the two countries; domestic institutional arrangements and macroeconomic coordination for benign interactions in transnational flows. Avoid using the corridor as one or more geographical routes to implement the project, and prevent the domestic political factions and local forces from repeatedly entangled the route. Secondly, in the process of cooperation with the Palestinians, we should abandon the traditional thinking of dealing only with the official government, listen to the voices of local governments, especially the underdeveloped regions, and deal with the imbalance of inter-provincial development. On the premise of respecting Pakistan's political independence and territorial integrity, appropriate contacts and communication should be carried out with the local traditional strata and local forces in Balochistan (including the more moderate separatist factions), repeatedly stating the China-Pakistan Economic Corridor against the Pakistani

economy. The significance of development, do a good job of explaining the details, and maximize their understanding and recognition. Finally, in the planning and construction of the China-Pakistan Economic Corridor, we must fully take care of the interests of the Baloch people, let the interests of the minority and the disadvantaged be respected and protected in China-Pakistan economic cooperation, and make the cooperation project truly serve The sustainable development of the local economy and the improvement of the quality of life of the people. The economic policy of Pakistan should shift from motivating to high-level officials to paying more attention to the people's incentives, so that the Pakistani people can really feel the changes in people's livelihood brought about by economic cooperation between the two countries.

The federal, Baluchistan and KPK government remained divided on CPEC routes and various project, its associated facilities and also all the resources and especial ownership on its land. The government of KPK has claimed that the Western route shall be the main corridor between China and Pakistan, and the benefits of CPEC to be divided equally amongst provinces. It must be supported for the demand of transparency in the execution.

Unluckily, CPEC become controversial because of some components; however the government has addressed the political leadership and takes them into confidence for misconception about the project. On August 28 the CPEC Conference was held in Islamabad by the present government, including KPK and all the provinces Chief Ministers attended it. On the implementation of the CPEC, they all expressed their Satisfaction and believed that it will be beneficial for all four provinces.

There was a small lull in propaganda after the CPEC conference against the project, but it seeing that the campaign has been unfurled against it. The Western route was re-launched after the controversy. On our domestic industry and exports, the impact of the CPEC is stimulating doubts by some components who are engaged. The government has given top priority to the construction of the Western route because that route is considerably part of the CPEC. So the government has not changed the route which was recognized by the provinces to be changed.

In restricted timeframe the Chinese government, its banks and companies are no doubt making investment in the project for its completion with optimistic visions to become Centre of economic activities. The Pakistani government secured the economic chances and committed for

the initial achievement of the project. Yet there are various people who are creating misperceptions and trying to mislead people about the CPEC that the project is based on corruption, all the bulk of benefits are for only Punjab. The government has already announced that there will be no discrimination; all the provinces will get its due shares of the project as the overall CPEC has planned. So, the misperception should be neglected by the crowds.

An actual attention was paid in the last few years towards economic advancement of the province and improvement of communication infrastructure. In all three services as PAF, Pak Navy and Pakistan Army, many Baloch hired there for works. In several parts of Baluchistan, Army has opened technical educations and schools. Through the job opportunities, they have been carried to the leading stream. It was a gigantic and uphill task to bring stability and peace in the province. Economic opportunities, development of Gwadar and completion of the CPEC are only possible with solidity and peace in the provinces. Therefore, for retained peace in the provinces, Pak Army has done a lot with other security forces and the government of Pakistan has also provides plentiful probabilities for economic growth. The people of Baluchistan should take the responsibility to brush aside all the misleading and conspiracy.<sup>29</sup>

The Chief Minister of Balochistan Sanaullah Khan said, “Baluchistan and Gwadar Port have got key positions in CPEC and following the implementation of this project and project and promotion of foreign investment the Pakistan would thrive and become prosperous,” he added. “Great nations believe in their own accountability and always endeavor to rectify their mistakes. However, if we have a little glimpse of our performance of 69 years we will see we are still backward and facing poverty,” he said.

The CPEC targets especially the people of Baluchistan prosperity and economic development said by CM Baluchistan but CPEC has termed as a project of development and prosperity of the province by Chief Minister of Baluchistan Nawab Sanaullah Zehri. He also said for youth of Baluchistan thousand of new job opportunities will generate by the help of twelve new projects.<sup>30</sup>

Pakistan army Chief General Qamar while speaking to Motor Rally 2017 said. “The motor rally is a vindication of Pakistan’s progress towards peace and stability. Every Pakistani from Khunjerab to Gwadar is committed to peace and progress of the country.”<sup>31</sup> The

Baluchistan province will get great significance from the CPEC project and that will change the fate of the province. The CPEC project is also attached with the future of China not only the economic future of Baluchistan said by CM of Baluchistan “CPEC is of great significance and would be a game changer in the region,” in Gwadar and other parts of the province, the peace of work on projects of the economic corridor should be expedited, While working out developmental projects the planners should not neglect the people. For easy investment in Baluchistan the government is trying to create a conducive atmosphere for national and foreign investor.<sup>32</sup>

In Baluchistan to attract maximum investment in Gwadar will be provided by a trade-friendly and secure environment to the foreign companies said the CM of Baluchistan. The Baluchistan all citizens will be beneficial from CPEC. The supply of clean water to the people of Gwadar is on priority basis. The Baluchistan long lasting problems hope will be resolve because it was said that PM Shahid Khaqan has a special sympathy with the Baluchistan people, with provincial government the federal government would cooperate. In this regard the government will not tolerate any negligence because CPEC is an essential project.<sup>33</sup> “My government will frame laws with the consultation of all stakeholders for the protection of all rights of the local population,” Mr. Bizenjo said.

In this regard the government would seek help from experts and lawyer while framing laws, he added. Mr. Comment that in development scheme the local people of the Gwadar city would be shareholders and in employment opportunities the youth of the city would be given preferences. He criticized, “The previous government did nothing and ignored important factors. They failed to boost the development work in a planned manner.” He added, “There is no information available about the CPEC to the common people and there is no desk to deal with to deal with CPEC projects in Baluchistan”.

Last year for Gwadar the provincial government had prepared Rs. 1 billion package and sent it to federal government but no response was get from the planning Commission.<sup>34</sup> Abdul Quddus Bizenjo said, opening new avenues of investment, opportunity for development, trade and business for the whole country has got importance in the form of CPEC due to this project. For business, international investors coming to the province so, there is need to be building safe

and healthier environment and for this the government has taken concrete steps in the province for restoration of security and peace, the CM said.

For investment, the presence of infinite natural resources such as gas and oil has made Baluchistan a favorable region. So, the resources are the property of the Baluchistan and their best use will be ensured for them. He also said that China is Pakistan's old friend and the government will facilitate all the investors including those from China.<sup>35</sup> The Chinese Ambassador Yao Jing said, to the CPEC the Baloch militant organizations are no longer a threat and they were "not true Pakistanis. If the security situation had improved in Pakistan and Port in Gwadar would be the world's trading hub in the future" he said in an Interview to BBC Urdu. Moreover, in Pakistan on different CPEC project about 10,000 Chinese nationals are working which includes 60 thousand locals from Pakistan, having various jobs and he was satisfied with the security which provided them.<sup>36</sup>

As far as the claims of Balochistan that due to economic growth in Gwadar, the population of other provinces would shift to Gwadar, would control the resources of Balochistan and the local people's lack of control over Baluchistan's resources, are concern, they are quite legitimate. The Government will have to remove the concerns of the people of Balochistan as soon as possible by the amendments in the relevant laws; it should begin with ensuring the rights of pre-registered provinces in the Constitution, and the provinces and territories on the China Economic corridor. If there is an atmosphere of confidence between it, then it can be difficult even after the formation of this highway. Now it is time that political parties and our national institutions bring the entire nation to the path economic development and abandon their political trains.

## **CPEC AND SINDH**

Pakistan People's Party, which is chief ruling party of Sindh province, raised many issues during seminars of Joint Cooperation Committee (JCC) of CPEC. It demanded comparatively larger shares of CPEC projects for Sindh rather than Punjab. They have also highlighted the problem of projects delivery particularly construction of motorway and highway under CPEC. They have also objected on spending of a smaller amount of funds in Sindh province under the project and the expected construction of main part of Islamabad-Karachi motorway in Punjab.

The PPP had claimed to construct more projects for power generation in Sindh, along with the anticipated path of CPEC.<sup>37</sup>

It is reported that the opposition leader apart from mentioning his reservation about Punjab's share in CPEC, in a letter to the Prime Minister, he also said that Sindh is intentionally being ignored in the project. He warned that this would ascend the anger against Punjab. He claimed that the contribution of Sindh to the country's revenue comprising gas reserves is sixty percent. Therefore, this is not right to neglect this province.

He suggested to include some important Sindh related Project i.e. the reconstruction of Sukkar Barrage which needs repairing being old, wadding of river levee from Sukkar to Guddu due to the wastage of about fifty thousand cu-sec water in the way and lastly the construction of Ketu Bander Port.<sup>38</sup> While showing his concerns, Qadir Magsi of STPP (Sindh Taragi Pasand Party), demanded justified share of Sindh in (CPEC) projects, for the fear that unlawful and commercial drifters begin gaining its benefit. He declared that the Sindhis would never compromise on their just share in the progress.<sup>39</sup>

While on the other hand Planning and Development Minister, Ahsan Iqbal requested the media to reflect the real aspect of the debates and reservations about the current CPEC. He announced that the government would very soon constitute a Joint Working Group on the CPEC to consult various issues with the provinces.<sup>40</sup> Amongst the energy projects of CPEC out of \$35 billion, almost \$11.5 billion are allocated for Sindh, federal minister Ahsan Iqbal said.<sup>41</sup>

To the multi- billion dollar CPEC project, China was approved adding three major projects of Sindh province. In this project the decision paves way for inclusion of proposed Karachi Circular Railways, Dhabeji special Economic Zone and Ketu Bandar, meeting held Beijing. According to Ahsan Iqbal when he was also in Beijing, across the World the CPEC project will benefit billions of people. It had become international and regional biggest project. In energy and infrastructure projects, China will intend to invest more than \$ 46 billion till 2018, the Gwadar Port capacity will be expand by investing \$ 15 billion investment alone on infrastructure projects, these includes, Karakorum Highway and Lahore-Karachi Motorway; in the sector of transportation, the railway line from Karachi to Peshawar would be upgraded and modernized.

The government of Pakistan is working on the power projects of 10,000 MW which would be expected to be completed by 2018. On the progress of two big projects: Karakorum project and Multan-Sukkar project from Havelian to Thakot, the working group on transport infrastructure expressed satisfaction.<sup>42</sup> By lack of funds a lot of other projects were hampered but CPEC is the only project which has enabled progress on them and for Sindh it is beneficial. Across the country these projects are being included indiscriminately, the CPEC is an inclusive project, says Circular Railway.

The Chief Minister of Sindh, Murad Ali Shah said that CPEC will benefit Sindh at large, he told at Jamshoro University, and claimed that during the tenure of Asif Ali Zardari, he was designed Wind Energy project, Keti Bandar, Circular railway Karachi and Tar Coal project, now incorporated in CPEC. Due to the unavailability of funds, the circular train project was not launched, and due to Zardari talks with Sharif the orange train project at Lahore as well as in Karachi to be launched. The Sindh was successful to get this project of CPEC, where the work is already started. Chief Minister also claims to launch Keti Bandar project under CPEC. He told that his provincial government was successful for incorporating all developmental projects of Sindh in CPEC, with the maximum facilities for the people of the province.<sup>43</sup>

The Chief Minister of Sindh also made reservations on the CPEC project that his government was taken into confidence by the federal government of Nawaz Sharif. While writing a letter to the Ahsan Iqbal and Ishaq Dar he noted that the central government is avoiding Sindh government over the execution of main projects. He noted that “the federal government had continued to show step-motherly attitude towards Sindh over the sensitive issues of just distribution of irrigation water and funds divisible under the National Finance Commission Award. The step-motherly attitude was evident from frequent and prolonged power loadshedding and failure to release water to Sindh”.

He further criticized the government of Nawaz Sharif for exploiting his province and people in CPEC project, that the federal government promises of various projects of electricity production for Sindh in CPEC are “baseless”, and noted “it was not the federal government’s money but of the public of Sindh and he would, therefore, get this amount at all costs”.<sup>44</sup>

On the economy of Pakistan he was optimistic about the CPEC positive impacts. Due to coastal access, natural resources and vibrant industrial community, Sindh does have an edge, he agreed on that with Minister. He was optimistic about the positive impacts of the CPEC on the economy of Pakistan. He agreed with the honorable minister that Sindh does have an edge, one way or another, due to its natural resources, coastal access, and vibrant industrial community. He concluded on a note that CPEC has spurred foreign investment in Pakistan, which is one of the positive aspects of the CPEC. This he said, reflects the confidence of the foreign investors who were once shying from investing in Pakistan.<sup>45</sup>

### **CPEC AND PUNJAB**

In Pakistan, it's a better reality that the politicians of various provinces usually blame each other on certain policy issues. Major nationalist and political parties of KPK, Baluchistan and Sindh have criticized and politicized that Punjab has major and undue share of major CPEC plans and projects.<sup>46</sup> In a letter to the Prime Minister, the opposition leader Khursheed Shah showed his concerns on the CPEC project. He said that the project could play an important role for the progress of the country. All political parties were agreed on its worth which could strengthen our friendly relations and monetary cooperation with china. However, the manner in which the project was being launched has raised the implications for its beneficiaries. He further stated that beginning of the process is indicative of our doubts. Instead of using the comparatively better and smaller way of west, the eastern side passage is preferred. This has the possibility of arising hatred of all the other units against the province of Punjab.. He proposed that in order to keep the federation safe.

The planning and preference of the government should be revised while executing the current project along with others.<sup>47</sup> In the course of a meeting on communication, the standing committee of senate criticized the CPEC during a discussion. Daud Khan Achakzai wanted to such extent while calling the project as “a highway project between china and Punjab. All the members of the committee became angry and dissatisfied on the unfair prioritization of works on Eastern route of the project. CPEP is not the project of any one's political party or government; making CPEC controversial is a great disservice to the country at a time and it is about to take off. Instead of engaging in point scoring on such an essential matter of national concern, all political parties would have to show seriousness, maturity and ownership.<sup>48</sup>



The statistic analysis of the project shows that out of 100 percent CPEC 53 percent are assigned to Punjab, out of 330 projects, Punjab receiving 176, and only 8 for Balochistan.<sup>49</sup>

The federal government is supporting Punjab in finalizing the long term plan for CPEC. They are also trying to ensure its sectoral priorities and targeting the regional socio-economic needs. To promote sustainable economic activity there is an urgent need to identify projects to the sectors of interest, as a result that may eventually in a developed services sector, balanced urbanization and a high employment rate. Under CPEC to take the lead, Punjab has a huge potential. In terms of Punjab suitable geography this is primarily due to its conducive business environment.

Punjab along with other provinces, with respect to CPEC needs to promote the project at both local and international forums. To make the future of our next generation better through overall socio-economic progress, the project offers are one of the most advantageous opportunities.

For CPEC, a blueprint has formulated by the government of Punjab. In identifying two cities to establish special economic zones, the Punjab government currently has been successful. On the M2 one of the sites is situated near Quaid-Azam Apparel Park and on the M3 the other is near Faisalabad. By the JCC an additional project has been approved for the implementation. In Punjab to establish a mineral development zone, industrial park, relocate Chinese industrial park the proposals have been made to identify potential sites.

For the western section of CPEC route which will pass through Baluchistan KPK, the provincial government of Punjab has initiated efforts to establish a support structure. From cities and towns around Punjab's periphery, the road will be provided access points. From CPEC transportation industry that will be capable to benefit and serve as viable apparent for it.

From these linkages the local population will be able to reap benefits to the route and between the inhabitants of KPK, Baluchistan and Punjab there would be establish a healthy exchange. From the western route of CPEC the government of Punjab has started positioning the province for benefit; for development of backwards areas in its proximity and vicinity devising a Strategy to leverage the four-lane highway. The similar policies are looking other provincial governments towards the federal administration.

## CPEC AND GILGIT BALTISTAN

Gilgit Baltistan is situated in northern area and it is the most beautiful region of Pakistan due to geographical importance and natural beauty. Three mountains ranges Karakorum, Hind Kush and Himalaya are the part of this land. There are founded stones, gem, uranium, copper and gold, there is abundance of natural resources. The simplicity and humor of the people added the importance of the beauty in this region. The region having K-2, the second highest peak, the longest widest Deosai Plain and highest plateau the fast flowing river Indus in the World which has some of finest tourism attraction.

The vast potential of tourism will create higher economic growth, employment and the hidden treasure of Gilgit Baltistan will introduce to the outside World. The opening of new opportunities for the business community of the region, China-Pakistan Economic corridor would be a game changer for Baltistan; for fresh fruit exports the region of Baltistan is famous like apricot, apples and cherries. In cost of transportation, it will help local traders to double their sales by tremendous saving which will benefit them. By operational CPEC projects on Karakorum highway, the Tourism industry in the region of GB will be also boost.

In Gilgit Baltistan on Indus River Pakistan's government desired to Diamer-Bhasha dam under CPEC in the second phase of this mega project. r government of Pakistan claims to revive Diamer-Bhasha dam in the second phase of CPEC. The successful implementation of the Second phase of CEPC with the construction of the dames would produce 4500MW electricity for Pakistan and would be helpful to overcome the electricity shortage in Pakistan.

The construction of various projects in GB under CPEC is like to displace many locals, it would damage to the cultivable land and would attract and placed outsiders investors at the expense of locals are considered issues of concern. Tahir Dhindsa of the sustainable development policy institute (SDPI) said that "Of the 73,000 square kilometres, cultivable land is just 1pc," Hunzai explained. "If that is also swallowed by rich investors from outside, we will become a minority and economically subservient once there will be no farmland or orchards left to earn our livelihood from".<sup>50</sup>

The local business men, political parties and media of GB also expressed their reservations on CPEC that it is like an imbalance of various projects amongst provinces

especially in infrastructure development. Energy experts also raised questions about the energy projects distribution amongst Pakistan, where GB is getting less benefit.

The Federal government repeated assurances that in CPEC project there would be no discrimination of province or region of the country but still doubts remain in GB as to its fair allocation.

With an ambivalent constitutional status, Gilgit is a disputed region. In 2014, pledged US \$ 46 billion various projects aimed by the Chinese government at catalyzing infrastructure development in Pakistan. It was perceived that all areas of Pakistan will uniformly develop by this project, the reality is totally opposite.

Regarding CPEC in the statements of government functionaries the name of this region is seldom mentioned. For this region only economic zone and eight other projects were proposed and Karakoram Highway was also upgrading but all are confined to paper works. About the injustices the Gilgit governor spoke openly but to this region the federal government has turned blind, the new projects were proposed for Sindh and Baluchistan but Gilgit was neglected.

From the benefits of this project, the division of Gilgit excluded along with other areas and that is alarming situation. There is no constitutional status for Gilgit as they want to enjoy equal rights and for this reason they were joined Pakistan to become Pakistani. For Pakistan, it would surely collapse of this golden opportunity if this project generated controversies; the Federal government should redress the grievances of its native.<sup>51</sup> The people of this region were before ignored of fundamental rights like representation in the federal parliament.<sup>52</sup>

Hafiz ur Rehman, the chief minister of GB told that CPEC is indeed a game changer in economic perspective while the improvement of roads and infrastructure GB has received more tourists as compare to previous years. He told “Due to improved law and order, coupled with road infrastructure development, and better air services, more than 650000 tourists have visited Gilgit-Balitistan (GB) in last one year and three months. The number is the highest in the last 30 years, due to the China-Pakistan Economic Corridor (CPEC) the area was facing threats from India which was out to make the project failed”.<sup>53</sup>

In Islamabad and Beijing, the growing assertiveness in laying by India's and unrest in Gilgit-Baltistan has set alarm bell ringing. For success of CPEC project, it is essential to control over this region by Pakistan. The relationship with Gilgit-Baltistan China is pressing Pakistan to legalize it. The region of Gilgit Baltistan people is not opposed to the project but they are not consulted on the project which fears the local residents that they are excluded from its benefits.

In the CPEC project, all pipelines and roads crossing through Gilgit-Baltistan mountainous into China from Pakistan, special economic zone is not being a single set up there; so in this project GB plays a key role. In spite that works on number of projects including CPEC, violent hatred leading to active opposition is also continual. There is need to call a conference regarding infrastructural development for public welfare instead of overindulging in political issues. The CPEC is two survey stations which has different dimension like infrastructural projects, including road connectivity and establishment of industrial zones to the energy projects and language teaching center which needs careful consideration, more roads to be built the fracas is a part of this project. Through connectivity of social and political reforms by the successive governments, fewer efforts were made to mainstream the region of GB. The local people claim that with the improvement of relations with china and CPEC the relationship with China is today stronger than it was.

The lack of government clear policy and road map for the ongoing CPEC project has already raised the doubts and concerns of the various region of Pakistan and the distribution of projects and huge debt loan face better opposition in Pakistan. the Indian concern of GB and their claims over the region also created some fresh problem for the government of Nawaz Sharif, but at least the local of GB is considered more important to be listen as GB is the opening point of this project.

On the economic activity being generated by CPEC in the province, special Assistance to Chief Minister Gilgit comments and this shows confidence in the project. According to him that project would revolutionize labor market, trade and the infrastructure in Gilgit Baltistan. In the Province of Gilgit, the CPEC project would bring revolution and strengthen the economy. It would also benefited local people in terms of employment, said by Haji Abid Special Assistant to Chief Minister, Gilgit Baltistan.

For the rights of its people at all forums the provincial government was raising voice. The government would assure that they will provide best possible facilities to the people, at all cost the promises made with the Gilgit people would be honored, he said. Minister for Education Gilgit Baltistan, Rana Farman Ali, meanwhile said that on the basis of inquiry report in health department all legal appointments would be cancelled and clarified that people will recruited on merit and no injustice with made them. He also said some people who are recruited in education department have found fake educational degree after scrutiny. It has been decided that such people appointment letters will be cancel.<sup>54</sup>

At PM office, PM Shahid Khaqan met Chief Minister of Gilgit Baltistan on Feb, 2018, under CPEC portfolio, Chief Minister have briefed the PM about many development projects including some landmark projects. In response the PM said that in past two years in Gilgit Baltistan about the power situation the present government has added 54 MW to existing 82 MW power capabilities. In the past 70 years this is a milestone achievement seen in the power generation field, he added.

He also informed and appraised the Chief Minister about various landmarks project for the people of Gilgit-Baltistan such as a medical college, a cardiology centre, the establishment of a cancer hospital. It would create new economic opportunities and uplift the people of the region. Under this project portfolio it would be pursued for their early finalization and Implementation and CPEC link road of Dir-Chitral was being accorded priority, he assured.<sup>55</sup>

During his visit to Pakistan the Chinese president laid the foundation of CPEC project. This project is of course a part of new Silk Road, linking Chinese western parts to Middle Eastern countries and business markets. The emergence of this new Silk Road is not just only an economic corridor that will create new boniness opportunities but will connect the region through roads amongst South-Central Asia.

The decision of policy makers was hailed it as a game changer for the economy of Pakistan as well as a massive “Geo- strategic transformation of the area. It is now the responsibilities of politicians of the areas to safe guard the economic rights of the natives. It can be ensured through the “legal arrangement” made before implementing the gigantic projects i.e. CPEC, Diamer Basha Dam. It would prove a trial for regional politicians to save the natives’

rights while investing in Gilgit Baltistan by the Pakistani and Chinese governments. However, there are no symptoms of guaranteeing position and rights of Gilgit and Baltistan in the CPEC until now.<sup>56</sup>

Expressing his reservation about the CEPC, Peer Muhammad revealed that relocation of dry port from Sosot to Havelian in KP, would render about ten thousand people jobless... He quotes Javed Hussain who states that the Sost port is a source of income for a large number of people and its dislocation would prove an “economic disaster” for them. He warned that if their needs are not fulfilled, they would not let it to be completed. Wazir Baig has also quoted who said that instead of the advantages of the project, our sole apprehension is the replacement of the port which would have hostile consequences for us.

While the CPEC Project Director Zahir Shah said that it is not planned to relocate the port. Furthermore, it is untimely to declare that it would be laid off after the implementation of CPEC. We are having long term negotiations and planning so it could not be determined. Moreover, it might be clarified after the completion of the project. Contrary to this it was reported that the government is being pressurized by some dominant political leaders to shift the present dry port to Havelian where the land had already been attained.<sup>57</sup>

On the economic activity being generated by CPEC in the province, special Assistance to Chief Minister Gilgit comments and this shows confidence in the project. According to him that project would revolutionize labor market, trade and the infrastructure in Gilgit Baltistan. In the Province of Gilgit, the CPEC project would bring revolution and strengthen the economy. It would also benefited local people in terms of employment, said by Haji Abid Special Assistant to Chief Minister, Gilgit Baltistan.

For the rights of its people at all forums the provincial government was raising voice. The government would assure that they will provide best possible facilities to the people, at all cost the promises made with the Gilgit people would be honored, he said. Minister for Education Gilgit Baltistan, Rana Farman Ali, meanwhile said that on the basis of inquiry report in health department all legal appointments would be cancelled and clarified that people will recruited on merit and no injustice with made them. He also said some people who are recruited in education department have found fake educational degree after scrutiny. It has been decided that such

people appointment letters will be cancel.<sup>58</sup> At PM office, PM Shahid Khaqan met Chief Minister of Gilgit Baltistan on Feb, 2018, under CPEC portfolio, Chief Minister have briefed the PM about many development projects including some landmark projects. In response the PM said that in past two years in Gilgit Baltistan about the power situation the present government has added 54 MW to existing 82 MW power capabilities. In the past 70 years this is a milestone achievement seen in the power generation field, he added. He also informed and appraised the Chief Minister about various landmarks project for the people of Gilgit-Baltistan such as a medical college, a cardiology centre, the establishment of a cancer hospital. It would create new economic opportunities and uplift the people of the region.<sup>59</sup>

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## CHAPTER 5

### INTERPROVINCIAL CONTROVERSY:

#### AN ASSESSMENT

China Pakistan Economic Corridor (CPEC) is the flagship project of the Belt and Road Initiative (BRI) of the Chinese grand project for regional integration, initiative and has received extensive attention from the regional and the international community. The government and majority people of Pakistan believe that CPEC is of great significance to Pakistan and they fully supported. However, some mainstream media (including English and Urdu, and regional languages) have relatively cautious comments; very few local parties and separatist forces have criticized the CPEC project for failing to make Pakistan benefits. Though the provinces of Punjab and Sindh have accepted the overall structure of the CPEC and as a whole supported the project, but the small provinces Khyber Pukhtunkhwa and Balochistan have rendered its reservations on CPEC. The change and the prioritization of routes, certain provinces dominant or lesser position in CPEC, have generated a row of controversy within Pakistan. The federal government late response to address those reservations led to provincial controversy within Pakistan. In this chapter the interprovincial controversy on CPEC has been examined while focusing on the small provinces reservations, and federal government responses.

As a whole, Pakistan has a positive attitude towards the China-Pakistan Economic Corridor, but there are still a few voices of reservations and oppositions to CPEC. Among them, the federal government official represented by PML-N government expressed full support to the CPEC; the mainstream media represented by Dawn, Jang and Express Tribune, The News and dozens of televisions channels supported the planning, significance and achievements of CPEC. On the other hand, it points out that Pakistan has a problem of heavy loan burden and low participation rate in the construction of the project. However the provincial local parties and separatist forces in KP and Balochistan rendered its reservations and even some of the CPEC projects come under intensive criticism.

The PML-N formed its government in Pakistan after the 2013 elections. Its leadership confused statement on CPEC and lack of transparency of the projects, has increased the fears of smaller provinces. The routes of CPEC and the train project under CPEC in Punjab, has fostered

the fear of opposition and increased distrust on the central government. The federal government exaggerating of CPEC benefits for the all provinces in the beginning of the project and later on the initiating of various projects particularly in the Punjab provinces, created a row of dissatisfaction in small provinces. The dividing phenomena amongst the provinces of Pakistan on CPEC remained active for many months. In the late 2016 consensus were developed between the federating units of Pakistan on the equal distribution of the CPEC expenditure.

### **The Route Controversy**

The route controversy on CPEC has been started in the mid of 2014, when politician from the National Awami Party and Fazal-ul-Rehman Group of Jamiat Ulema-e-Islam (JUI), alleged the federal government for changing of the CPEC route.<sup>1</sup> The original route which was initiated in the begging of the project was passing through KP-Peshawar, Punjab southern parts and underdeveloped areas of Baluchistan and has avoided Lahore and Karachi, the developed cities in Pakistan. This route was proposed in 2006 when there was less security threats on the Pakistan-Afghan border and the even before the founding of the TTP (Tehrik-e-Taliban Pakistan.

Figure: 1



Source:<https://globalvoices.org/2016/01/10/a-china-financed-economic-corridor-brings-promise-and-discord-to-pakistan/>

In a meeting of the Senate Standing Committee on Finance and Revenue, the then secretary of Pakistan planning and development ministry, Hassan Nawaz Tarar told that the proposal for changing the original route was on table. Even on next day he told that actually the federal government never discussed the original route of CPEC with the Chinese. The political leaders of Baluchistan and KP were shocked. The leadership of small provinces were ready to start an agitation against the decision of the federal government regarding the change of route, but the Tehreek-e-Insaf (PTI) dharna did not allowed them.<sup>2</sup>

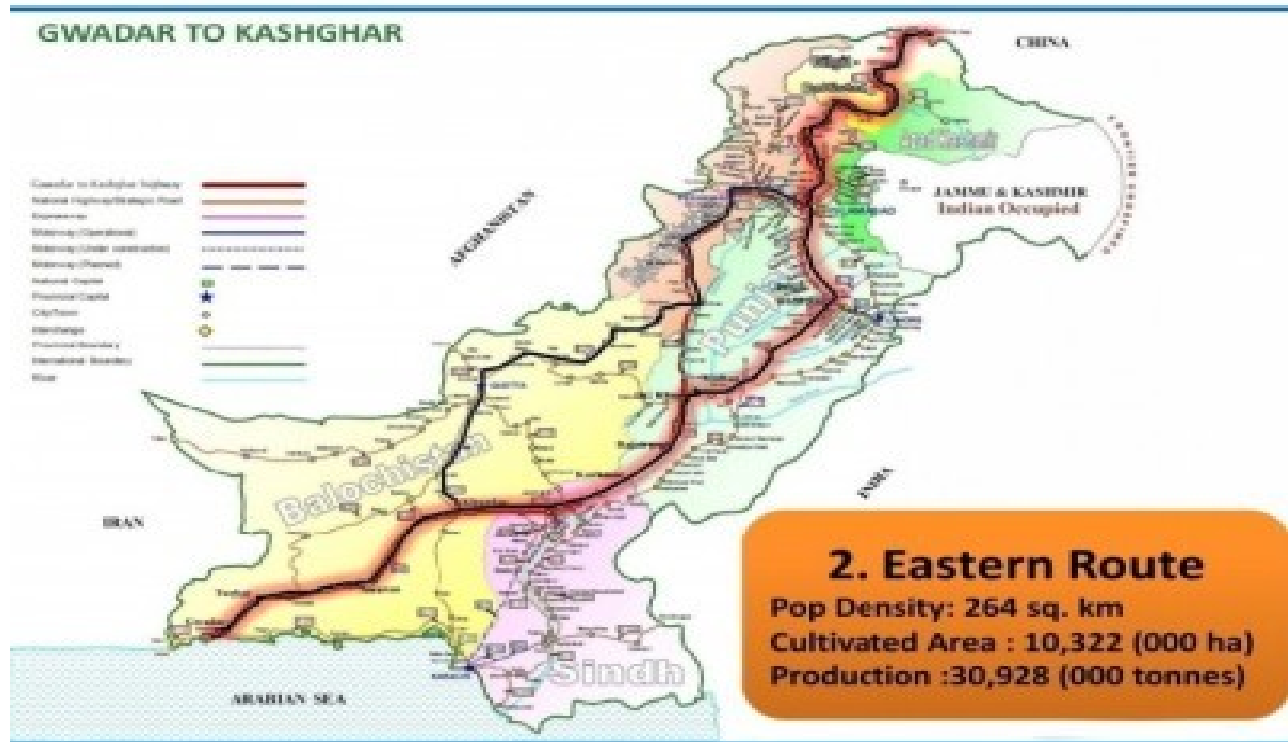
It was in early February 2015 that the debate on CPEC was resumed again and during the visit of Chinese president to Pakistan in April 2015, the protest was stiffer. The central government took more reactive action by devising a solution with one corridor and three routes which was later on called as western, central and eastern routes. By announcing such plan the planning minister Ahsan Iqbal told that original route remained unchanged, and the government would setup a joint working group for CPEC economic zones and promised for the operational of western route at priority.

In May 2015, all parties' conference was arranged, and a joint resolution was even passed that insisted the restoration of the original route of CPEC. However according to a report the problem did not resolved "What the protesting parties were advocating for was not a restoration of the original route, but the creation of a motorway connecting the major cities in Pakistan's Pashtun belt. Furthermore, no consideration was given to the economic viability of such a route and the difficulty in expanding the road network in dangerous and physically daunting territory. The conferences ended with the formation of a parliamentary committee on CPEC, which would have a nonbinding oversight role and a commitment to complete the western route first".<sup>3</sup>

The arranging of all parties conferences seems to be an important development which was arranged to address the concern of small provinces and political opposition, however it failed to produced any final solution to the problem. The debate over the routes of CPEC is still confused- the size of the western route either dual lane highway or six line motorway, and it will passing KP capital Peshawar or after entering Dera Ismail Khan will divert out of KP.

The federal government has changed the CPEC map during the 2015 and early 2016. The agreements of May 2015 and January 2016 of the federal government with small provinces don't produce any result and the new maps of CPEC own by the planning commission, did not include Peshawar as the part of the debated western route. Even the KP government proposed economic zones in Kohat, Bannu and Karak were not included in any of the CPEC route. The CPEC Senate Committee disagreed that there "is considerable substance in the complaint that the province will gain very little from the alignment" of the routes.<sup>4</sup>

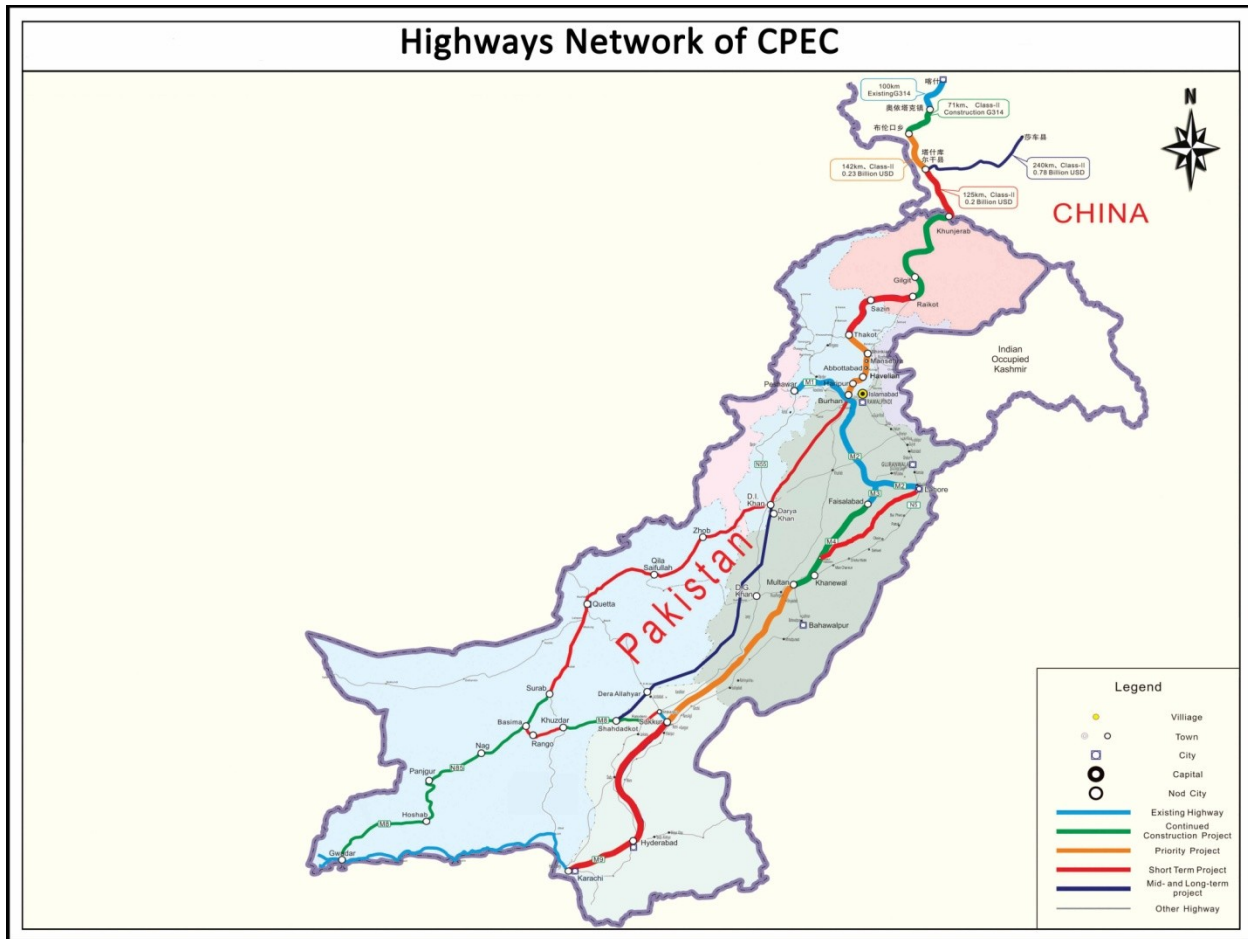
Figure: 2



Source: <https://globalvoices.org/2016/01/10/a-china-financed-economic-corridor-brings-promise-and-discord-to-pakistan/>

Dera Ismail Khan is the western route terminus point, showed in the map, where it would merges with the central route. The report of the planning commission considers the central route as the shortest one with the Chinese border. A report noted “The demand for equivalent-size road networks on the eastern and western routes is where the debate began and is more about political posturing and less about a desire to adhere to the original corridor route or bridge the economic gap between Pakistan’s smaller provinces and Punjab.”<sup>5</sup>

Figure: 3



Source: <http://cpec.gov.pk/maps>

On 9<sup>th</sup> January 2016, Sun Weidong the Chinese ambassador in Islamabad issued a statement about the dispute within Pakistan regarding CPEC. In April 2016, the then Army Chief Raheel Sharif also stated that “CPEC should have a degree of equity in its benefits for all of Pakistan.” The intervention of Chinese Ambassador and Pakistan’s Army Chief reveal the significance of the political squabbling o the CPEC project.

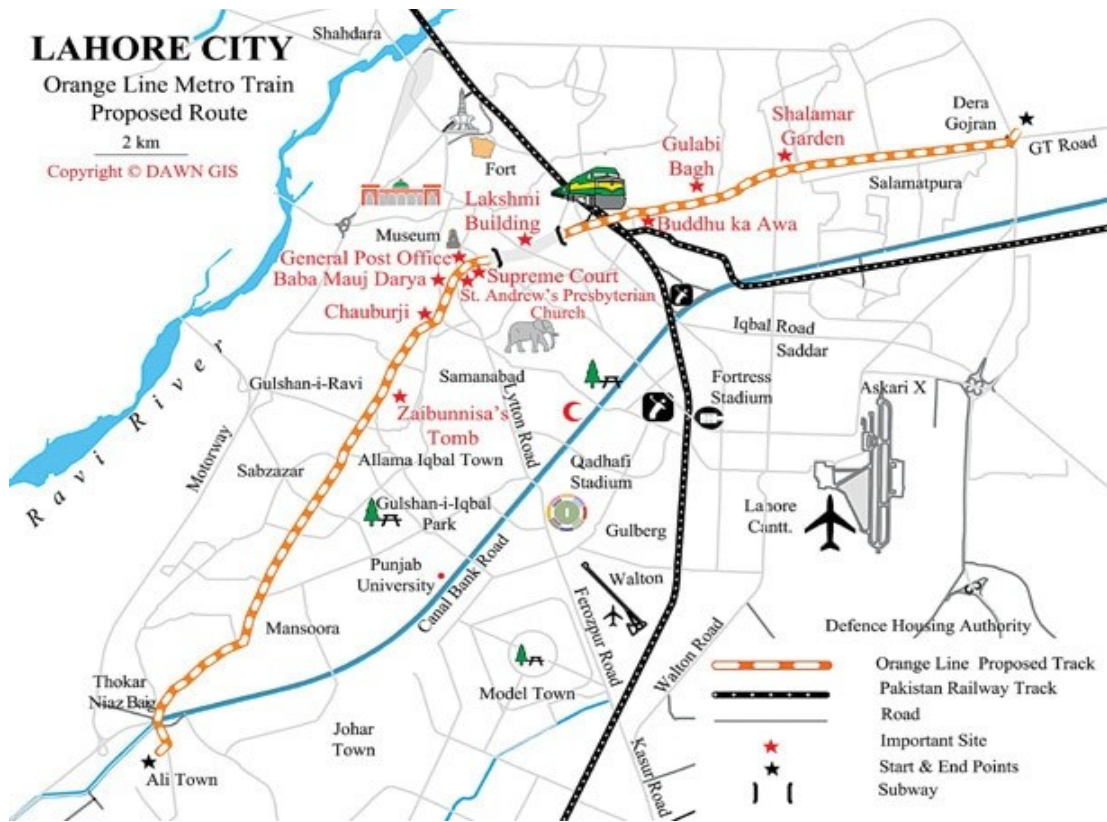
Though the Chief Minister of KP, Pervez Khattak in early 2017 stated that the route problem have been resolved but still certain elements in Pashtoon society were not satisfied and the controversy on western route yet to be resolved as demanded and desired by the smaller provinces.<sup>6</sup>

### The Orange Line Controversy



The 52 agreements of CPEC project signed between Pakistan and China in April 2015 also include a metropolitan train service for Lahore, the orange line. The political parties of smaller provinces along with the various organizations of the civil society raised concern on the orange line to be built in Punjab only. In the all parties conference convened in May 2015, the federal government claimed that orange line is not the part of the CPEC. The Minister of Planning Commission Ahsan Iqbal noted that orange line is just a bilateral accord between the Chinese government and the Punjab government. However in January 2016, during the parliamentary committee meeting Iqbal said that Orange line is the part of CPEC. The two different statements of Iqbal create confusion and were objected by PTI official in the National Assembly. Though orange line was actually the part of the CPEC project, the leaked documents of the JCC meeting also indicate it, but was not added to the planning commission list, until December 2016 when both the Punjab and Chinese officials recognized it as the part of CPEC.

Figure: 4



Source: <https://www.dawn.com/news/1278799>

The using of CPEC fund for the a train line in Punjab is the worst example of the double standard of the federal government of PML-N, that it keep this project secret and did not initiated such project in any province of Pakistan except Punjab. The “subsequent obfuscation and lack of transparency damages the credibility of the PML-N government and the idea of CPEC as an all-Pakistan project.” The over projects included in the CPEC are still not clear, and thus many observers pointed out the lack of trust between the dominated province of Punjab and other small provinces.<sup>7</sup> Like the Senate committee observe in 2016 report: “The clear bias against developing the backward provinces on priority has emerged once again in the shape of the Early Harvest economic concept and appears to have bulldozed political and economic wisdom under its heels.”<sup>8</sup>

Since its inception in 1947, trust-deficit consistently remained one of the major factors amongst the federating units of Pakistan, where the smaller provinces and its ethnic nationalist saw the overall domination of “Punjab-based power brokers”. The politicians of the smaller thus

warned the central government about its grievances on a number of occasions that CPEC “could become another Kalabagh Dam”.<sup>9</sup>

The orange line controversy was resolved like the route one, by adding new municipal rail projects in the other three provinces of Pakistan. The estimated cost or financing of these projects in three provinces are yet to be neither released nor any formal agreement yet to be signed by the federal government. Unlike orange line where the agreement is already done and the cost of estimate etc have been already finalized, while the transit train project in KP and Baluchistan are still unclear in its fiscally viability and its goals related to CPEC.

The domestic scene of Pakistan’s position on the CPEC can be summarized into two categories, active support, and support with reservations on the structure and projects of CPEC.

First, the provinces of Punjab and Sindh have actively supported CPEC project because these provinces saw CPEC an opportunity for development in their respective provinces. Most of the CPEC projects were launched in these two provinces. The majority mega projects of CPEC seem to be launched in the province of Punjab, where the ruling elites were from PML-N. The Federal government of Pakistan led by Prime Minister Nawaz Sharif of PML-N is the backbone of the active support for the construction of the CPEC. On May 14-15, 2017, when Nawaz Sharif participated in the BRI International Cooperation Summit in Beijing, he pointed out that the CPEC project has begun to benefit its country which has a transformative impact on the lives of the Pakistani people. On August 3, 2017, Shahid Khaqan Abbasi, the new prime minister of Pakistan said that all Pakistani are supporting CPEC project, which made the relationship between the Pakistan and China more stronger and climb to a new height. Pakistani President Mamnoon Hussain said that CPEC is a bright future for Pakistan and South Asia. The Pakistani government and people must firmly grasp the golden opportunity brought about by this project and realize the great goal of bringing Pakistan into the top 25 economies of the world by 2030.

Second, small provinces Khyber Pukhtunkhwa and Balochistan have supported CPEC but rendered its reservations on CPEC various projects, the change and the prioritization of routes, their lesser position in CPEC, were amongst few to be addressed. The politicians of these provinces talked on various platforms, protests and agitate while the intellectuals talked, and published articles in various newspapers i.e. *Dawn*, *Jhung*, *Nation*, have a relatively cautious

attitude towards CPEC. They believe that although CPEC has achieved great results, it also has certain challenges for the small provinces. They stressed that although Pakistan has received a large amount of loans from China through the CPEC but very little projects were initiated in their provinces. Though were looking for active part in CPEC and demanded the federal government to address their concerns. They agreed that CPEC plays an irreplaceable role in the development of various parts of Pakistan, but there are still challenges of the problem of development in small provinces. Few local parties and separatist forces are wary of opposing the CPEC. They mistakenly believe that the CPEC is not conducive to the long-term development of Pakistan. In order to oppose the advancement of the CPEC, the separation forces active in the Balochistan province, have created many attacks and attempted to in opposition to CPEC.

### **Reasons for Pakistan's Provinces Different Positions on the CPEC**

Why the Pakistan's provinces hold different positions on the CPEC is because it is influenced by many factors such as politics, economy, diplomacy and security.

First, the reason for actively supporting CPEC is that it has a milestone in promoting Pakistan's economic development, further strengthening bilateral relations and enhancing Pakistan's regional and international status. First of all, the CPEC can promote the rapid development of the Pakistani economy. Since 2013, the Pakistani economy has grown at an annual rate of more than 4%, making it one of the fastest growing economies in Asia. Sharif pointed out that the CPEC is the core of the rapid economic development of Pakistan and the entire region. By actively participating in the CPEC, it not only enables Pakistan to attract investment from China and other countries, but also promotes construction in the fields of transportation, industry and trade, and creates more development opportunities, especially for Pakistan in key areas such as infrastructure. Second, the CPEC is conducive to uniting Pakistan's main political forces. The struggle between the central and local governments, civil servants and the military, and various parties is fierce. On the issue of participating in the CPEC, although there are certain disputes, the overall position is the same.

The chief ministers of the four federal provinces of Pakistan unanimously stated that the CPEC further enhanced the economic cooperation between China and Pakistan. Politicians from

various provinces, stressed that the CPEC project will benefit people in all parts of Pakistan, can further close Pakistan's relations with other countries in the world, and Pakistan can use this to reflect its unique location advantages and enhance its international status. Relying on the CPEC, Pakistan not only realized the dream of building Gwadar Port into a deep-water port, but also further strengthened its relations with neighboring countries.

CPEC has not only prompted Pakistan to take various measures to safeguard national security, but also enhanced its overall national strength, enabling it to invest more resources in the security field and improve the security situation. On January 23, 2017, the Pakistani Ministry of the Interior issued a notice announcing the establishment of the CPEC Special Security Division consisting of 12,000 people, specializing in the CPEC more than 200 projects and near the safety of 14,000 Chinese personnel. When meeting with the Chinese military leadership, Pakistani Army Chief Bajwa said that the Pakistani military will strengthen cooperation with the Chinese military in the field of defense and jointly fight terrorism. Pakistan has further intensified its efforts to crack down on extremist forces, and the security situation has been greatly improved. The number, frequency and number of casualties of terrorist attacks have declined year after year. To further consolidate the results, Pakistan has also issued a National Action Plan, not only to fight terrorism in the form of legislation, but also to put the reorganization of religious schools and end to extremism.

Second, unlike the active supporters, the cautious support party with reservations; the small provinces of KP and Balochistan, praising the significance and role of the CPEC, also paying attention to the benefits of this project for their respective provinces and reserve their rights for equal share in CPEC projects and benefits.

First of all, CPEC has brought new troubles while boosting Pakistan's economic development. The politicians of Balochistan believe that although the CPEC is the best choice for promoting Pakistan's economic growth, it is involved in land acquisition in the Gwadar Port project. Sensitive issues such as the local population's displacement, not allowing them to enter in Gwadar, and immigrants of other provinces while making Baloch as minority, are the issues of concerns for Baloch people. Especially their concern on the dominated position of Punjab province, and its role in CPEC seems to be more objectionable for them particularly in Gwadar port. The most demanding concern of the Balochistan leadership was about the distribution of

benefits amongst the provinces and they demanded greater share in CPEC, which have caused debate.

Beside the leadership of KP and Balochistan showed their grave concern on the change of route of the CPEC and demanded the original route to be followed in CPEC structure, which caused the western-eastern route controversy in Pakistan. The prioritization of various projects in different provinces also remained issues of debates. Many of the projects in the CPEC as promised by federal government and Nawaz Sharif with KP and Balochistan leadership were seems to be ignored or not able to be completed as scheduled due to the inefficient of lack of federal government administration.

The federal government seems to have ignoring or given less preferences to CPEC various projects in smaller provinces of KP and Balochistan. Amongst those reasons, one of the important is terrorism and extremism in the areas where probably the so-called western route passes.

Federal government saw CPEC projects to be threatened by terrorist organizations and other extremist forces in KP and Balochistan. Although various departments in Pakistan have tried their best to maintain the security of the CPEC, but due to the constraints of many factors, the extremist forces still have the ability to launch attacks. Although the CPEC has made a definite progress, the terrorist attack in the Balochistan region and less in KP remains its potential safety hazards in the future.

Over the small provinces KP and Balochistan leadership have serious reservations on the federal government of PMN-N heading by Punjab politicians, that the Pakistani federal government is using the CPEC to strengthen its power and damage local interests of KP and Balochistan. Top leadership of KP and Balochistan including Chief Ministers raised their voices and believe that it is difficult for other parts of Pakistan to benefit from the CPEC except Punjab. Nationalist leadership in Balochistan criticized that especially Baloch has no right to control its own resources, and claimed that a large number of Punjabi and Chinese entered the Balochistan under the banner of project development trying to downplay the identity and culture of Balochistan. Even the militant organization of Balochistan blamed that Punjab and China is plundering the resources of Baloch people.

At present, the provincialism is affecting the China-Pakistan economic corridor, which is manifested in the dispute between the “West Line” and the “East Line”. In view of the firm position of KP Province, FATA and Balochistan, the Pakistani government proposed a “multi-line” plan to kick the ball to China. In this way, the construction of the China-Pakistan Economic Corridor, how to avoid falling into a black hole, is worthy for federal government in Pakistan to ponder.

The China-Pakistan Economic Corridor, as its name suggests, is a trade route that will integrate infrastructure such as railways, highways, and oil and gas pipelines. For the Pakistani government, this is a historical opportunity, so it is known as a project that is enough to change the country’s destiny and the world. Wherever this trade channel passes, it can directly benefit from it, so all regions in Pakistan want to seize this opportunity. However, just after just it was signed, the dispute over the route broke out China-Pakistan Economic Corridor project,

The KP provincial, provincial tribal areas and Balochistan provinces advocate the “Western Line” program. They believe that these areas are rich in resources, but the economy is backward and the infrastructure is poor. Therefore, the China-Pakistan Economic Corridor route should pass through the areas to ensure that they benefit from the development of the country, and this is the shortest route connecting Kashgar to Gwadar Port. .

Where does this program come from? Who made it? There is no final conclusion yet, but they insist that this is the original plan. The general node of this program is: Kashgar in the north, crossing the red flag of Khunjerab into the territory of Pakistan, along the Karakoram Highway into the Gilgit- Baltistan, pass Abbotabad into KP province (Khyber Pakhtunkhwa) and arrive in Dera Ismail Khan via Mianwali, Bannu and other places into Balochistan Province, finally arrived by Zhob, Quetta, Khuzdar and Gwadar.<sup>10</sup>

Not far from the route are the Pashtun and Baloch tribes, which are bases for separatist forces. Extremists often move in this area, and the Pakistani government is helpless to end their natural sanctuary. From a safety point of view, if the route of the China-Pakistan Economic Corridor passes through this area, it will be tantamount to taking the fire. Furthermore, if foreign forces use their anti-Pak sentiment to oppose China and provide support on the Afghan side, then

the China-Pakistan Economic Corridor has no security. Based on security considerations, the “West Line” program is not sufficient.

This led to the “East Line” scheme, which allowed the China-Pakistan Economic Corridor route to bypass the secure areas of mainly Punjab province. From the Kashgar to Karakoram highways, the two options are the same, with the difference between the Karakoram Highway and Gwadar Port. The “East Line” plan is drawn up: Mansehra on the Karakoram Highway, via Islamabad into Punjab, Lahore to Multan, then along Multan – Hyderabad–Karachi M-9 highway, and finally arrive at Gwadar Port along the coastal high-speed N-10 from Karachi to Gwadar.<sup>11</sup>

This route is flat and densely populated. Punjab and Principal Provinces along the way are relatively rich areas of the side. More importantly, the two provinces are under the direct control of the Pakistani government. Unlike the “West Line”, the Pakistani government has no power to control it in some places along the way. Therefore, from the perspective of investors, the “East Line” is attractive. Of course, the people of Punjab and the province of the province hope that China will adopt this plan.

KP province, provincial tribal areas, and Balochistan provinces want the “western line”, while Punjab, and Sindh investors tend to “eastern”. Undoubtedly, this is a contradiction and has caused problems for the Pakistani government. If the Nawaz Sharif government chooses the "East Line", it will suffer.

Since the founding of the People's Republic of China, the Pakistani government has been struggling with the separatist forces of Pashtun and Baloch, and is well aware of the harm caused by the Pashtun issue and the Balochistan issue to the sovereignty and territorial integrity of Pakistan. Moreover, these separatist forces are now wearing terrorism armor, and the ghosts are at the border of the Afghan areas, making the Pakistani government helpless. Based on these historical experiences and facts, the Sharif government is well aware of the serious consequences of choosing the “East Line”. If the "West Line" is chosen, it will be opposed by the "East Line" supporters. Because the China-Pakistan Economic Corridor is a trade channel, investors will give priority to security considerations.



In view of this dilemma of choice, when CPEC was launched, the dispute over the route has intensified. The “Western Line” supporters firmly believe that this line is the original plan and put pressure on the federal government to support the western route. KP C. KP Chief Minister Perveq Khattak said if the "West Line" is abandoned, the China-Pakistan economic corridor will be difficult to see.<sup>12</sup>

Mian Iftikhar, the leader of the Pashtoons largest party, the Awami National Party, also publicly stated: If the central government gives up the “western line” and if the government’s neglect of the interests of the small provinces and deliberately creating a dispute, “We will oppose any changes to the route.”<sup>13</sup>

The Baloch people also believe that if the Pakistani government deliberately bypasses the main city of Baloch by changing the western route to the "East Line", it would not be acceptable to them. The Baloch people have already reservations on the wealthy Punjab by plunders the resources of Balochistan. The Chief Minister Balochistan Dr Abdul Malik Baloch said he was not taken into confidence by the federal government on CPEC project and noted that the people of Balochistan must benefit from the China-Pakistan Economic Corridor project.<sup>14</sup>

Brahamdagh Bugti, leader of the Balochistan separatist forces, stated: "The Punjab rulers are free to do what they want to do, but we must not allow China and Punjab to use Baloch to seek benefits... ..we will never allow our land and resources to be used for the benefit of other countries.”<sup>15</sup>

KP, FATA and Balochistan provinces firmly adhere to the position of the Western Route. The firm position of the "Western Line" supporters has undoubtedly created difficulties for the Sharif government decision-making. Government decisions require parliamentary discussions, and the parliamentary seats are composed of four major provinces and provincial tribal areas, and Islamabad. The Sharif government is aware of the results of the parliamentary discussions and is well aware of the pros and cons, so neither submits to the parliamentary discussions nor announces the route plan. Only comfort: they have never changed their route, and the route plan is still in the plan.<sup>16</sup>

Pakistan’s Minister of Planning and Development, Ehsan Iqbal, is sometimes scared while stated any attempt to oppose this project that is enough to change the country's destiny will

be the enemy of Pakistan.<sup>17</sup> In the end, under the urging of the Chinese side, the Pakistani government threw out a "multi-line" plan. The program not only includes the "West Line" and "East Line", but also increases the routes from Peshawar to Lahore and Gwadar to Sukkur. This program was adopted at the All Parties Conference on May 28, 2015. Obviously, this is a compromise. The Pakistani government declared: A number of lines form an umbrella to meet Abbottabad, pass the Karakoram Highway, cross the red flag Khunjerab into Xinjiang, and finally arrive in Kashgar.<sup>18</sup>

In fact, this is like renovating the main roads in Pakistan by the name of the China-Pakistan Economic Corridor. In addition, the following points were also reached at the meeting:

(a) "West Line" priority put into construction; (b) The parliament establishes a special agency to supervise the implementation of the China-Pakistan Economic Corridor project; (c) Construct a Bajaur agency connecting the provincial tribal areas to D.I. Khan Highway.<sup>19</sup>

However, as far as the control of Gwadar Port is vested in Balochistan Province or the Central Government of Pakistan, how to share the taxation of China-Pakistan economic corridors, it is unanimously stated that it will be put on hold for a while and will be discussed later. 6 Pakistan has reached a "multi-line" plan, and many infrastructure projects in the China-Pakistan Economic Corridor are expected to be implemented. However, for Chinese investors, the investment risk has increased. The security factor that is most concerned with investors is put aside, but it is necessary for China to help the Pakistan's government to build roads.

Obviously, this is the Pakistani government kicking the ball to the Chinese side. In view of this, what should China do? Adherence to the "East Line" is bound to be opposed by supporters of the "Western Line." The KP and Baloch belt has always been the hardest hit area of violent conflicts and terrorist activities. At that time, foreign forces will use their anti-Pak and anti-China sentiments to cultivate an anti-China force in the region. That means that the construction of the China-Pakistan Economic Corridor has failed, which in turn has affected China's "One Belt, One Road" strategy. This is not what the Chinese government and people are willing to see.

Secondly, the Chinese wish to extent its corridor to Afghanistan and needs to simultaneously settle down business with the Afghan government and the Pashtun and Baloch tribes on both sides of the Durand line, and bid more than the competition.

Federal Government should take countermeasures:

There are still risks and challenges to CPEC within Pakistan from domestic politics and provincialism-ethnic nationalism. In order to smoothly advance the progress of the CPEC and resolve misunderstandings and contradictions, between the federating units of Pakistan, the federal government should adopt reasonable and effective countermeasures policies by addressing the concerns of smaller province of KP and Balochistan.

The federal government of Pakistan should deepen all-round cooperation with China as well as with provinces, by updating development ideas and deepening the involvement of the leadership of KP and Balochistan in the projects of CPEC. It would eliminate overcome the doubts of smaller provinces about the CPEC. Apart from the Eastern route, the federal government needs to give priority to western route. In addition to energy and infrastructure construction, the federal should further investigate Pakistan's actual needs in various provinces, integrate the CPEC various project amongst provinces, focusing on helping it poor regions of the country and fundamentally helping provinces in getting out of development difficulties.

In the implementation of the CPEC various projects the federal government while helping small provinces to solve the employment problem, it will further enhance the recognition of the CPEC by those neglected regions. At the same time, Pakistan needs to strengthen the construction of public facilities that are closely related to daily life, such as schools and hospitals, and lay a solid foundation for public opinion for the construction of the China-Pakistan Economic Corridor, throughout the country.

On the whole, Pakistan's positive attitudes towards the CPEC are more and growing. The significance and achievements of the CPEC various projects have been widely recognized throughout Pakistan. However, there are still rooms of reservations and oppositions if the federal government failed to address at properly, that can lead to interprovincial controversy again in the near future.

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## CONCLUSION

The China-Pakistan Economic Corridor is indeed a fortune changer for Pakistan in the current scenario as Pakistan have been considered by many foreign experts an economically and strategically loser country in the regional and international stage. CPEC is considered beneficiary project for both Pakistan and China. Strategic analysts stated that China too much trade depends on the narrow sea route of the Strait of Malacca, while the CPEC route is considered about 1400 kilometers shorter than the Strait of Malacca. In the future war like circumstance between China and US or any other competitor, the Strait of Malacca could be easily blocked, which would be considered a strategic shock to the Chinese authorities. In such undesirable events, Pakistan is considered as an alternative land route for Chinese trade around the globe. Along with searching for alternative route of trade, to handle unrest in western China and to draw line for the development of ignored regions of China in the western parts, and Chinese desire for strengthening its regional role are other objectives of China from CPEC, that would benefits China for coming decades.

The benefits of CPEC for Pakistan are many. This multi-faceted huge gigantic project is currently run through Pakistan at the recent time where no other country is ready for investment in Pakistan due to the security reasons and the war on terror. This project is bringing billions of US dollars investment to Pakistan, where in coming future it would build trade zones, industries, motorways, tracks of railways, Pipelines of LNG and fiber optic cable etc. Experts are predicting that Pakistan economy will be improving, per capital income will be raised, job opportunities would be created, unemployment problem would be resolved, and poverty would be reduced. All the above opportunities and benefits for Pakistan can be sideline if the controversies amongst provinces over CPEC were not resolved.

The China-Pakistan Economic Corridor was the project of much debate and even criticism amongst the federating units of Pakistan over the recent years. The central government was mostly seen to inaugurate various projects of CPEC on the eastern route while ignored the western route. Politicians from different provinces remained worried that the expenditure nature and unfair prioritization of investment on the eastern route predicts that CPEC project is only for Punjab, while ignored the small provinces. Many political leaders expressed their dissatisfaction and even anger over CPEC and called it a project between China and only Punjab. Such

reservation of political leadership is not promoting a positive message rather than it is indeed increasing resentment among provinces.

The making of CPEC project controversial would be a really a great disaster for the whole country almost at the time when this project is about to take off. CPEC is not the project of one province, one political party or a single political government. It is the project of the whole country, its various projects spreads across the length and breadth of Pakistan. It would indeed benefits the whole nation, by offering reduction in poverty, creating new opportunities and employment for the youth and coming generation. All the provinces of Pakistan including Baluchistan, Khyber Pukhtunkhwa, Sindh, and Punjab and of course the region of Gilgit-Baltistan stand to benefit from this multi-billion project. The provincial capital of all four provinces Quetta, Peshawar, Karachi and Lahore would be the major joint and beneficiary of this project.

The ministry of planning commission of Pakistan is the main organ for the successful implementation of China Pakistan Economic Corridor project. It has made half hearted attempts to address the concerns and fear of small provinces. It needs to do more and to overcome the concern of provinces especially Baluchistan and Khyber Pukhtunkhwa, and to make them realize the whole nation, the dream of Pakistan, to become economically and strategically the Asian Tiger. The planning commission needs to ensure the participation of the representative of all provinces in the Joint Coordination Committee and Joint working groups and to get consensus on this project. The workout and framework of the CPEC agreements should need to be made public to ensure its transparency in the project.

Pakistan can get many benefits from this project only if Federal planning commission do a transparent planning and solve the controversies between the provinces. Federal planning commission should not take those steps which can create controversies between the provinces. In Pakistan CPEC project has spurred foreign investment which reflects the confidence of the foreign investors who were hesitating from investing in Pakistan. In spite that works on number of projects including CPEC, violent hatred leading to active opposition is also continual. There is need to call a conference regarding infrastructural development for public welfare instead of overindulge in political issues.

To making Gwadar a centre of trade activities would boost the economic activities and would help in eliminating the problem of unemployment, poverty by generating million jobs in the country. Moreover the act will raise the export of Pakistan and will beef up the industrialization through the mega trade route as predicted by experts. On the other hand, the revolution of South-Asian economy as well as political settings of the region is possible through the potential of CPEC. However there is need to make a comprehensive policy, in order to eradicate the controversies among different parts of Pakistani society to ensure, that benefit reach to all social organization. To ensure the clarity viability, workability and defensability of CPEC proper conventional arrangement for evaluation of project proposal along with their feasibilities and accomplishment of the development projects are essential. If the resources and development projects are not properly shared among all provinces to eliminate poverty, and deprivation, then the controversy amongst the provinces will continue for long time and the successful implementation of this mega project would hardly benefit overall Pakistan.

The current stage of international relations is characterized by an increase in the arms race between states - strategic competitors and the severity of security issues. According to the estimates of the military of Pakistan, in the first, this leads to a change in the former configuration of the partnership in the international arena and the formation in the near future of new military alliances; Secondly, in Islamabad they emphasize that only countries prepared in military terms will become participants in the formation of a new global political landscape. Islamabad sees the main world actors as China, the United States, Russia and the European Union.

The world economy is experiencing a series of crises, accompanied by the displacement of world economic development centers to Asia with its rapid growth rates, 40% of world GDP, by half of the world's population and huge development potential. Islamabad sees the 21st century as the century of Asia and thus bring changes to its in the foreign policy especially towards the leading powers, in contrast to 1989-1990 (the time of the withdrawal of Soviet troops from Afghanistan and the weakening of the US attention to the region) in the second decade of the 21<sup>st</sup> century.

Islamabad is gradually moving away from the US as a strategic partner and concentrating on regional ties and problems. It should be noted that in 2016, Pakistan made a statement on the



strategic level of relations with the China, and the economic and military-political coordination of Islamabad with Beijing is laid down in the basic principles of Pakistan's foreign policy. CPEC promotes the creation of a new model of regional cooperation, which aims at further infrastructure integration of the territories.

Obviously, within the framework of the Chinese initiative one belt, one way, the next destination and the addressee of the CPEC will be the countries of Central Asia. In the hierarchy of priorities of Pakistan's foreign policy, Central Asian states are in second place after China in 2015. A high level of delegation exchange with Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan stimulated the expansion of interaction between Pakistan and the CAR countries. But the effectiveness of developing ties with the Central Asian states remains low due to a number of objective and subjective reasons.

Therefore, special hopes are pending for resolving the intra-Afghan crisis: the leaders of the Central Asian states realize that the CPEC is the key economic route that provides access to the sea, and after connecting Afghanistan, the extended Gwadar-Quetta highway will become the direct road from the Indian Ocean coast to Tajikistan, Uzbekistan and Kyrgyzstan.

Thus, the CPEC is seen as an instrument for creating a land and sea zone in which Pakistan, China and other regional countries can conduct a convergent / similar economic policy reliably tied to a physically existing infrastructure and is based on real trade and financial flows. Therefore the interprovincial controversy need to be ended soon with the coordination of federal and all provincial governments that the dreams of Pakistan come to be reality in the future.

## **RECOMENDATION:**

Following major points are essential for the implementation of project:

- The most consideration should be given to those routes which are based on efficiency and can give more benefit to deprived people.
- The decisions should be made according to the economic efficiency.
- To minimize the controversies there is need to ensure the liquidity.
- The policy maker should formulate such policy which can ensure maximum profit through interpretation of cost and benefit.

- There is need to build harmony to minimize the dispute among the stakeholders regarding this project.
- There is need to set up a self-sufficient institution, which can supervise the different projects of CPEC on the line of TEN-T.
- The policy makers should formulate friendly industrial policies to build up regional industries.
- There is need to start a proper local planning in order to figure out the direct and indirect effect of the projected developmental projects.
- There should be environmental smoothness for the sustainability of CPEC
- The government should make assure that benefit of the project should be easily available to the deprived people especially living in Baluchistan

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