

Can China's Bold New Plans Make the Difference in Pakistan?

Ever since the 1955 Bandung Conference of Afro-Asian states, China has been active in civil engineering projects around the world, especially in Africa, as a sign of its commitment to the world emerging from colonialism. In 2016, there are three key differences: (1) these projects have spread well beyond Africa; (2) infrastructure and a huge range of community facilities are now being built alongside roads and railways; and (3) projects are now less about redressing colonialism and more about China becoming a major player in the world. When it comes to Pakistan, will Chinese plans help it to both develop and move away from rebellion and fundamentalism? How much will these plans take into consideration the magnitude of the social problems in the provinces where their roads and railways cut through? There is a risk that the new provisions could become targets of insurrection instead of benefiting the local communities.

The Chinese took building a post-colonial world literally. It was as if the great roads that once linked the old empire and allowed the writ of the Emperor to extend anywhere provided a model for the twentieth century. The first major efforts along these lines took place between 1970 and 1977, when China spent US\$2bn in Africa, a huge sum in those days, for no economic return. These were the years of the 550-mile Somali border road and, in particular, the hugely ambitious Tazara Railway linking landlocked Zambia to the Tanzanian port of Dar es Salaam. This provided a relief from the stranglehold white-ruled Rhodesia and South Africa applied to Zambian exports and imports shipped through those countries on transport routes installed in the days of Cecil Rhodes.

But the most ambitious recent African project, not fully realised because of Western and International Monetary Fund (IMF) pressure, was the transport and development corridor, road and rail, proposed in 2008 for Democratic Republic of Congo (DRC). It would, at

a stroke, have linked the entire south of an underdeveloped and troubled country that was also vast. Along this corridor, the Chinese had planned schools, hospitals, and even universities. Life and expectation would have been transformed. The US\$9bn loan to finance this was exactly that, a loan not a grant, from Chinese banks, with US\$3bn set aside to develop the mining industry in the area of the corridor. In return, the Chinese anticipated some 6.8m tonnes of copper and 620,000 tons of cobalt over 25 years. The people of DRC would have had huge benefits. So would China. It is this model which characterises recent plans in Pakistan.

The critical difference between any African project and the one involving Pakistan is that the Pakistani project leads from China itself and reaches the sea. It provides direct access to the maritime route for China's One Belt, One Road (OBOR) initiative, which will see major infrastructure investment across the region both along the ancient Silk Road and along seagoing routes across which a vast amount of world

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trade currently flows. This direct access, via three major corridors, makes Pakistan, for now, a more important Chinese partner than India, despite China being one of India's largest trading partners, and, notwithstanding intense efforts between the two countries to repair the damage caused by border conflict and political alliances during the Cold War years. Indeed, the China–Pakistan Economic Corridor which covers 2,000 miles, will take 15 years to complete and which is estimated to come to US\$46bn, could be one of the most expensive infrastructure projects in recorded history.

Unequal development in Pakistan: One key province and one disputed territory

During the Cold War, Pakistan maintained relationships with both sides of the divide. On the one hand, relations with China were strengthened when both countries took steps to peacefully negotiate their shared boundaries in 1962, whereas similar border disputes with India resulted in the Sino-Indian War. On the other hand, Pakistan was cooperating with the United States, when its intelligence service channelled funds and arms to the mujahideen fighting the Soviet invasion of neighbouring Afghanistan in 1979. Years after the Soviets left and the Taleban seized power there remained strong links between the Pakistan intelligence service and the Taleban. This did not prevent Taleban-linked and styled groups operating also in Pakistan, in north-western territories never fully controlled by the Pakistani government.

Pakistan is also a country of greatly unequal development and troubled politics which have seen military coups, fraught elections, and corruption. These factors can make cooperation a potential minefield.

Two indicators of Pakistani human welfare, literacy and education, and health, demonstrate the unequal development overseen by successive Pakistani governments, and also show how the Chinese Silk Road extension through Pakistan will encounter areas which are experiencing this unequal development.

Literacy and education

Although there is a national literacy rate of 64 per cent, this belies fluctuations from province to province and city to city. In Islamabad it is 96 per cent, but in Kohlu, in Balochistan province, it is only 28 per cent.

The provincial literacy rate is higher overall than Kohlu, but is still only 45 per cent. To the north of Balochistan, in the tribal lands on the Afghan border, female literacy is 9.5 per cent – which is very low even in a country where only 18 per cent of females exceed ten years of education. Balochistan and the tribal territories represent a western landmass that is poverty stricken and through which, or alongside which, one corridor of the Silk Road extension will run.

Health

Reading Pakistani health figures is different from those of other jurisdictions, where one key area to look at would normally be public health facilities. In Pakistan, however, public facilities can be of such low standard or simply unavailable, that access to health care is also measured in terms of access to private facilities.

Thus, in Punjab, average access to public hospitals is 20.59 per cent, but to private hospitals 72.27 per cent. In Balochistan, average access to public hospitals is 38 per cent, but to private hospitals 50.34 per cent. These figures suggest that the Balochistan area attracts little private investment and, in the health sector, it means recourse and access to medical choice is lower than in Punjab, even if it could be afforded. The building of private hospitals, sometimes but not always for charitable purposes, is a matter of great profile-raising in Pakistan. It helped make Imran Khan a credible political party leader, for instance.

Insurrection in Balochistan and the tribal lands

The tribal lands in the north-west have never been under full government control and are occupied by militant groups and tribes that include the Pakistani Taleban. This is distinct from the Afghan Taleban, with whom Pakistan's intelligence service kept strong links following its involvement in the Soviet-Afghan War, although the two groups have much ideological and confessional belief in common. Both groups may attack international targets outside the region from time to time, but the Afghan Taleban does not generally attack Pakistani targets, while the Pakistani Taleban does.

To the south of the tribal lands, but still running along the western border of Pakistan, is the province of Balochistan. This is not only a very poor and deprived province, but it also has its own militant rebel group that is convinced that the Pakistani government not only deliberately withholds development

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aid, but has a genocidal policy towards the inhabitants of the province. This is a huge exaggeration. However, government reprisals against rebel activity have tended to be harsh and indiscriminating which may help to shore up this belief.

The proposed western corridor of the Silk Road project runs alongside the complete length of these tribal lands and right through Balochistan; and so it may be regarded both as a target and/or as a means of delivering development assistance and facilities.

The Silk Road as it goes through Pakistan

This part of the Silk Road is to an extent a detour or dogleg in land transport terms. The Pakistani route does not facilitate land transport from Kashgar, the westernmost city in China, as the main Silk Road passes through Transcaucasia to Turkey. However, the southern Pakistani port of Gwadar does link directly to the maritime version of the Silk Road and, in that sense, the Pakistani project provides key linkage with the overall plan.

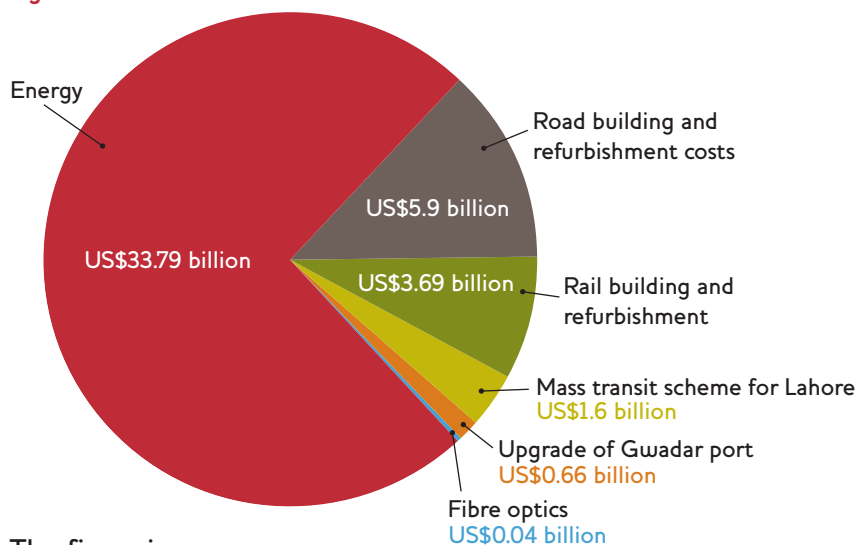
Starting from China, the route through Pakistan utilises the existing Karakoram Highway, but then, once in Pakistan, divides into four routes that run vertically through the country. The central route would be the main transport and economic corridor, and would also reflect the main route of the railway linking China to Gwadar. As noted above, the western route would pass near or through deeply troubled and impoverished areas.

Investment in the Pakistani Silk Road

The comparative figure here, in terms of investment by another great power (the United States) in the Pakistani energy sector at least, is US\$2bn since 2009. The figures above demonstrate the sheer magnitude of the Chinese commitment

The figures on the chart above suggest that electronic communication is not a key part of the project while energy clearly is. This is to refurbish coal and gas generation along the routes of the road. Current Pakistani energy generation shortfalls cost 2–2.5 per cent of gross domestic product. Whether the Chinese investment is to reduce or fully make up that shortfall, or is intended to give surplus energy for future development, is at this stage uncertain. What is certain is that this is not being done for free.

Figure 1 Chinese investment in Pakistan



The financing

Most of the transport and related project costs will come from China’s huge Silk Road fund – although it should be borne in mind that the overall Silk Road is huge and passes through many countries. Not much of the fund is coming Pakistan’s way. Instead, the major aspect of the project, redevelopment of the energy sector, will be financed by Chinese bank loans at a 5–6 per cent interest rate. These loans will help build up companies involved in energy redevelopment and they are likely to be Sino-Pakistani joint ventures. The Government of Pakistan will be obliged to buy power from these firms. Insofar as there will be majority Chinese shareholding of at least some of them, there will be long-term Chinese profits from a captive customer.

Major fragilities

Obviously the targetability of new facilities by rebel or insurgent groups will be a factor in the sustainability and operational capacity of the western corridor in particular. The second concern would be, in the event of surplus energy generation, would this be directed towards development of Balochistan and the tribal areas? Certainly the capacity to deliver infrastructure and institutional growth, e.g. schools and hospitals, to at least Balochistan, would be enhanced.

Given the record of the Government of Pakistan to date in these areas, there is not necessarily strong ground for hope that major development drives would start in these areas.

Additionally, there is the question of whether the firms, with Chinese origin, ownership or majority shareholding, would – in the construction and maintenance process – adopt corporate responsibility lessons learned

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(reluctantly and not fully) by Shell and other petroleum companies in the Niger Delta and elsewhere in the world. There is not a strong Chinese record in this area in any part of the world. In Pakistan, it would make a substantial difference to the acceptability of the projects to local communities who might otherwise see the new transport networks as another means by which they may be bypassed, only faster and more efficiently than before.

In particular, although the western corridor does not enter the tribal areas directly, and these areas in any case are mountainous and difficult to access at the best of times, the proximity of this corridor to them does raise the possibility at last of a recognisable government effort to bring development into the vicinity. If development starts to seep into the mountains, or if tribesmen come down from the mountains to benefit from new facilities – and not simply to demand highway ‘toll’ from increased truck traffic – then there could be long-term

possibilities of integrating the Pakistani Taliban into mainstream society. The example on the Pakistani side of the border could even inspire some Afghan Taliban to contemplate new ways forward. If, instead, the western corridor is simply securitised with heavy duty army presence, the divides and fissures of Pakistani society will only be increased.

Certainly, education and health could be enhanced with new facilities and institutions of the sort contemplated for Democratic Republic of Congo.

China will gain huge benefits from its new route to the sea and the maritime Silk Road. Pakistan could also gain huge benefits but would need to distribute them more evenly than its track record suggests it can. Certainly, as work progresses on the huge building and rebuilding of networks, China and its intrusion, for benefit or not, will be a political football in the fraught, uneven, and often violent politics of Pakistan.

Policy recommendations

For the Chinese government

- Design and implement a ‘corporate responsibility’ programme, in collaboration with Pakistani authorities and the local communities aimed at the poorest and most troubled areas through which the corridors will pass – with especial care pertaining to outreach, education and health care for local peoples, but also employment opportunities in work related to the construction of the corridors.
- Design and deploy technology transfer schemes, linked to both employment and educational opportunities. The Chinese have not done this before, but it would attract significant local support for the project, and engender local efforts to defuse and prevent militancy targeting the project.

For the Pakistani government

- Work with Chinese companies and the Chinese government for the involvement and inclusion of communities in the mountainous areas adjacent to the corridors to gain trust in the project and build in measures to ensure tribes-people benefit from the new local facilities (for example, services tailored to their needs).
- Review and refine approaches to security and safety in the region so as not to play into the rhetoric of genocide.
- Establish communication channels with local leaders and local governance institutions so the local communities are informed of and are aware of the potential benefits for them from the developments.



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Further reading

Chan, S. (2016) *A Prognosis and Diagnosis for China and the 2016 G20: The Politics of a New Global Economic Geography*, IDS Evidence Report 169, Brighton: IDS

Credits

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