

Event Report

**“Balochistan: Key to Regional Socio-Economic Development and Connectivity”**

EIAS Briefing Seminar

*25 September 2017*

Balochistan, located on the intersection of the Middle East, Central Asia, and South Asia, has the potential of becoming a regional hub for trade in goods and energy, with its strategic location making it pivotal both for the East-West and North-South trade routes. While poor connectivity and access issues have hampered development so far, the China-Pakistan Economic Corridor (CPEC), and in particular, the rapid development of Gwadar Port City, will open up new avenues for Balochistan, contributing to the development of the province and addressing its socio-economic challenges.

The federal government is also financing and implementing a number of projects in Balochistan to address major gaps in infrastructure as well as human development indicators in the province. To this end, the government is establishing Free Trade Zones and Special Economic Zones in the province that will underpin Balochistan's prospects to become an attractive destination for foreign and domestic investment.

His Excellency The Honourable Muhammad Khan Achakzai is the 22<sup>nd</sup> Governor of Balochistan province. He commenced his five-year tenure on June 13, 2013. After completing his Bachelors in Punjab University, he completed a Masters in Economics from Strathclyde University and a Master's in Public Administration from Harvard University. On completion of his academic career, His Excellency joined Government College Quetta, as lecturer and was later appointed as Associate professor in University of Balochistan. Afterwards he joined and served the Planning Commission, Islamabad, until retirement.

### ***Opening Remarks by Mr Erik Famaey, Senior Associate, EIAS***

Mr. Erik Famaey first drew attention to a focus on the province of Balochistan as an opportunity to gain insights on its indispensability since, for one, it plays a game-changing role in the advancement of the China-Pakistan Economic Corridor (CPEC), which is also a highlight of discussions within the Brussels bubble. One remarkable step up the ladder is the rapid development of Balochistan's strategically situated Gwadar Port - a gateway to South Asia, the Middle East, and the Central Asian Republics. While Balochistan's security and stability inevitably impacts the whole country by virtue of its adjacency to Afghanistan and Iran, its unique strength nonetheless rests on its ability to bring connectivity to Western China and Central Asian States. In the process, connectivity with these resource-rich countries would also address Pakistan's energy deficit setback and economic progress in the country as a whole.

Balochistan is partly characterized by its abundant but relatively untapped natural resources, which is a huge prospect for success in terms of sustainable development, but it could also do much more in improving its socio-economic situation as well as addressing its infrastructure deficit. The government of Balochistan has been wise to prioritize infrastructure in the province, well aware that it is the backbone of rapid advancement in various areas of development.

Mr. Famaey reiterated and expounded more on the development of the Gwadar Port as an economic hub not only for Balochistan and Pakistan but also for the whole region as the development of an effective transport system would consequently support the socioeconomic sectors both in the province and externally. Its integration into the global economy, as well as its Free Trade Zone, would certainly magnetize Foreign Direct Investments in the form of Multi-National Corporations (MNCs), resulting in an increased trade principally with China, Central Asia, and the Middle East. The Government of Pakistan has also paid attention to other aspects of development in Balochistan, including public welfare schemes, its tourism industry, agricultural sector, and its minerals and mining sectors. Considering Balochistan's very dry climate and the impacts of climate change in the province, potentials for renewable energy (solar and wind) are also being explored.

As Pakistan's biggest province, Balochistan holds much promise not just for the development of the entire region but also for the success of China's OBOR scheme. In light of its position in the global economy, the participation of the EU in the development of the province must also be assessed. So far, the EU's assistance has only been carried out on an ad hoc basis, mainly targeting education (through the Balochistan Education Support Programme) and rural development. Moreover, there has been no considerable commitment to invest in the Gwadar project.

### ***Keynote Address: H.E. Mr Muhammad Khan Achakzai, Governor of Balochistan***

Governor Achakzai commenced his speech by offering his perspective on Balochistan, contextualizing the province within the geopolitical make-up of Pakistan. As a very important country in Asia, Pakistan is endowed with immense development potentials across many areas. As Pakistan's biggest province, its proximity to the Middle East and Central Asia, including its 100-km stretch of sea ports, can, for example, address problems on energy supply throughout the region. Despite challenges along the north-western

borders with Afghanistan and Iran, Pakistan possesses a multitude of positive economic-related attributes: it is the world's 5<sup>th</sup> largest milk producer, the 8<sup>th</sup> largest wheat producer, and home to the 5<sup>th</sup> largest copper and gold reserves. It also has the world's 6<sup>th</sup> largest population, which means its market size is of high value to other developing countries as well as the EU, with whom Pakistan has had important trade relations. In fact, the EU is the largest foreign direct investor in Pakistan and it is hoped that on this account, EU-Pakistan relations will be further strengthened.

The Governor then elaborated on the role of Balochistan as a significant access point to trade with neighbouring countries. Pakistan's membership to organizations such as the South Asian Association for Regional Cooperation (SAARC) and the Shanghai Cooperation Organization is highly instrumental in facilitating Balochistan's development, considering, for example, that Pakistan has much to learn and benefit from the technological advancement of the BRICS and other developing countries. Another point which the Governor made is China's increased leadership role as an economic power through the years. He recalled that what followed the First World War was an advancement in Central America and Europe in terms of connectivity, but that today it is being replaced by China, which exhibited the first signs of economic prominence in 1993 when its world trade grew by 30 percent. But while China's influence in the region has been more and more visible, the reality of its economy having reached a ceiling has also understandably motivated it to pursue its interests. He considers the Belt and Road Initiative as "the biggest invention and innovation not just for Asia but for the whole world" as it gathers economies and presents wonderful opportunities for participating countries to work towards increased prosperity in the world. At this point, he also congratulated the EU for participating in the Initiative.

From a Balochistan angle, he stressed the importance of development as something that also encourages tolerance both at the micro and macro levels. At the same time, tolerance is also crucial in advancing economic development and prosperity. There have been many lessons learned from the past two World Wars, including the devastating effects of anarchy and the need to promote and safeguard peace, democracy and rights.

He then placed the spotlight on the Gwadar Port development and the CPEC, identifying China's move as a realization of its need to spread the benefits of the development of its coastal areas towards the western region, which has been left behind in the last three decades. The direct relationship between an imbalanced distribution and destabilization has also been a big concern for the US and many international organizations. In this regard, infrastructure development and connectivity are hence critical in addressing the problem. In more tangible terms and in the context of the CPEC, for instance, investments amounting to USD 15 billion have been committed to the development of the Xinjiang-Gwadar route, which will naturally pass through Pakistan from end to end. This would be a very big improvement for advancing prosperity throughout Pakistan. To further demonstrate this win-win agreement, Pakistan and China last year signed the Third Protocol to the Avoidance of Double Taxation Agreement.

It is also clear that the BRI scheme attests to China's innovativeness in conceiving a new alternative to the traditional trading routes, which have already been heavily congested. In the bigger picture, innovation throughout history has always been the key to development (e.g. the steam engines in the 19<sup>th</sup> century facilitated the development of railways). Today, road connectivity is as important as sea connectivity, and Pakistan welcomes sea trade routes, hoping the whole region will do the same. Quicker transport of

goods will also address security problems as the probability of conflicts occurring will decrease.

On the EU's importance in Balochistan and the CPEC, there are some fields of technological advancement on which China can still improve in order to reach EU standards. One example is the advancement of generators. As for Balochistan, the EU has been assisting the province in its more fundamental problem of water scarcity. Balochistan could also use some help on a potential turn towards renewables such as wind and solar energy, as well as solving transmission lines issues in order to be able to reach and serve smaller and more remote areas.

It is not a secret that governance has been a problem in the region with the presence of guerilla fighters as a result of long-standing, complex political turmoil. The establishment of institutions has happened not without stifling challenges which slow down stabilization efforts, promotion of education, health sector development, and the improvement of conditions for businesses to flourish. Nonetheless, Pakistan has succeeded in setting up governance institutions but it must admit that it still has much room for improvement on education, which for the Governor, is a top priority. At present, Balochistan's three universities have around 35,000 men and women studying, in equal numbers. And while education has also been boosted in the rural areas, the province is also facing increasing drop rates. The Governor believes that the adoption of the mother tongue in their educational institutions should speed up learning and delivery, consequently enabling the province to catch up. There are also challenges in other areas in Pakistan in terms of poor conditions for teachers' access to certain places. In other words, proper education and training are also key to the improvement of Balochistan.

### ***Q & A Session***

During the Q & A Session, the Governor received positive comments for his balanced views on tolerance, democracy and freedom. The questions raised on the floor by participants mainly pertained to how Balochistan has been dealing with human rights related issues, given its complicated politico-economic history. The Governor recognized the importance of these issues and emphasized the need to understand the region's and Balochistan's political history in order to have a better grasp of the situation.

He traced back the problem to the invasion of Afghanistan by the Soviet Union, wherein the region experienced a high degree of restrictions, which in turn caused a flurry of frustrations among a part of the populace. It then naturally resulted in a complete breakdown of law and order along the border areas. It was also reinforced by increased access to ammunition as well as trainings, leading to conflicts between families, small groups, and so on. Many of these people have also fled to other countries. He admits to the vagueness of the situation to this day in terms of not knowing the exact number of people involved but that the government is working hard to gain clarity and hopefully eventually address the situation. Those who have spread conflict around the region may be raiding homes and robbing residents of ammunition and provisions they need. The government is persevering, through its security forces, towards a generally unarmed and stable population. It is also focused on assisting the scattered population who have had security problems and need housing assistance. Again, he reminded that education is vital in easing up the situation.

On the implications on the CPEC of Anti-Pakistan movements campaigning abroad, the Governor reiterated how difficult it would be for outsiders to imagine the intricacy of the struggles of Balochistan. After the Second World War, Balochistan's local population consisted mostly of uneducated tribal people. When the British entered the picture and the opportunity for independence came, they served as arbiters between state rulers and the tribal people. It resulted in one complication after another and the outcome was a deeply hierarchical system in Balochistan which triggered insurgencies and territorial conflicts persisting to this day. It is only but part of the state's responsibility to counter and placate these insurgencies. He understands the problem and respects some parties who have also been vocal about their sentiments.

Another participant also raised questions to the Governor on the state of Balochistan's energy infrastructure, if it has an existing plan for the province's overall comprehensive development, and how the province plans to improve it. The Governor revealed that there have been efforts from the local components of some national parties to further develop the communications sector and to expand the implementation of road-to-farm projects. As regards the Government's as well as the Governor's own initiatives, they have been working on the provision of clean drinking water to villages to address the inequality brought to women of having to transport water from afar. He stressed that this problem has far-reaching consequences affecting education, health, and family life, among others. On the energy sector, he presented Balochistan's problem of ill-equipped transmission lines linked to road infrastructure, which have limited Balochistan's energy supply to 600 megawatts instead of 1500 megawatts. However, the improvement of their transmission lines is in progress and the distribution quota available to Balochistan is increasing. There has also been help received from the Asian Development Bank in this sector. He would also very much welcome some form of assistance from the EU, since, for instance, wind energy technology has been widely used in the continent.

***Closing Remarks: H.E. Ms Naghmana Hashmi, Ambassador of Pakistan to the EU, the Kingdom of Belgium and the Grand Duchy of Luxembourg***

The Ambassador expressed her gratitude for yet another opportunity EIAS has given to the delegation, remarking that the events have always been rewarding and mutually beneficial to all, especially in giving the audience a better perception of Pakistan and Balochistan. She then made clarifications on several points.

First, there have been several misperceptions about the CPEC project, both locally and abroad. It is important to recognize the CPEC as just one development component that is complementing Pakistan's overall national strategy for the next 50 years. Pakistan has not been wholly dependent on the CPEC but has, in fact, thrived in the last 30 to 40 years. Also, 70 percent of the CPEC investments comprise energy projects. This is a good supplement to Pakistan's own government strategy to overcome the energy crisis by December 2018.

Second, the world must «cut a little bit of slack for Pakistan». She reminded that it has been the Pakistani forces at the forefront in the fight against terrorism, with casualties reaching about 7,000. The result has been relative safety all over the world, including in Europe and America. Pakistan has also suffered trade losses of more than USD 113 billion Dollars, damages on the country's reputation, and its tourism industry affected. It is

important to note that the war against terrorism has diverted Pakistan's attention from its very own development. The Soviet invasion of Afghanistan in 1979 disrupted the country's chance to progress at a time when it was ready to take-off. It would have become the Singapore of South Asia, given that Karachi at the time was the main transmitting point in Asia and not Dubai (as it is today). The side and after effects of the Cold War also impacted Pakistan since it was, again, a frontliner in contending with the Soviets in the region. Europe, which has also been experiencing a series of terrorist attacks, would understand by now that a little disturbance can give birth to a range of problems, even in its extended neighbourhood. A geostrategically stressed Pakistan will continue to seek support as well as 'space' to deal with problems which are generally not of its own making. In fact, a positive consequence of its travails as a nation is its unique mastery in successfully suppressing terrorism.

Third, Pakistan has been openly engaging in fruitful dialogues with the EU (a leading proponent of human rights) on a variety of issues in Pakistan, including Kashmir. Speaking of human rights, there has been no word from human rights organisations on the genocide happening in occupied Kashmir. Notwithstanding, while working towards Pakistan's socioeconomic development, the country will continue to uphold its commitment to defend not only itself but also the rest of the world against common threats. Moreover, the path to peace, including peace with all neighbours, will ultimately be achieved through development, trade, and increased connectivity. Hence, the CPEC project will not only be good for the future of Pakistan but also for the entire region, including India. When peace is finally achieved and institutions are reinforced, human rights issues will also be consequentially addressed. In reality, no country in the world, however developed, has been 100 percent human rights compliant. It is important to open one's eyes to human rights issues, but human rights cannot be advanced in a vacuum. Nevertheless, a hopeful and positive outlook is necessary to be able to continue forward in overcoming development problems, defeating terrorism, and addressing human rights issues.

*Report prepared by Madeleine Denopra*

European Institute for Asian Studies – EIAS a.s.b.l.  
26 Rue de la Loi, 10<sup>th</sup> Floor, 1040 Brussels/Belgium

Tel.: +32 2 230 81 22 E-mail: [eias@eias.org](mailto:eias@eias.org) Website: [www.eias.org](http://www.eias.org)

 EiasBrussels

 European Institute for Asian Studies

 @EIASBrussels