

# IDSA

## *Issue Brief*

# CPEC: Corridor of Discontent

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## **S***ummary*

Since its unveiling in April 2015, proponents place the China Pakistan Economic Corridor (CPEC) within a neat construct of connectivity and development. There is relatively less focus however on the political deficit and unrest besetting the three key regions the corridor passes through - Xinjiang, Gilgit Baltistan and Balochistan. The brief develops an alternative perspective towards understanding the project's viability and prospects by bringing attention to the strands of political discontent in the three major regions that lie in the corridor's trajectory. It brings forth aspects relating to the geographical contestations, the disenchanting populations who have over decades persistently challenged the writ of the state, the simmering political disagreement within Pakistan regarding the project and the potential for geopolitical discord between China, Pakistan and India.

The flagship project under the Belt and Road Initiative - the China Pakistan Economic Corridor (CPEC), has been seen as a 'game changer' in the regional geopolitical discourse since its formal unveiling in April 2015. It has become the foremost bilateral initiative between China and Pakistan, entailing a budget above \$46 billion. CPEC has captured popular imagination in Pakistan, at a time when it is struggling to get its economy back on track. Through the successful execution of the CPEC, China looks forward to adding a significant brand value to its overseas developmental initiatives enunciated as One-belt-One-Road.

With a spectacular GDP having trillions of dollars in reserve, China is seeking to invest in projects abroad that can enhance connectivity, utilise idle capital and sustain its economic growth. In this context, CPEC is conceived as a project that will give China overland access to the Arabian Sea through the Pakistani port of Gwadar, bring development and prosperity to Pakistan - a long-time friend and ally, and cement strategic ties between the two. Innocuous as it may appear, with its passage through the disputed territory of Gilgit-Baltistan and its access and control of Gwadar port - situated in close proximity to the energy-rich Western Asian region, CPEC has provoked the regional/sub-continental security debate ever since it was announced with great gusto by China and Pakistan.

Enveloped in a geopolitical chimera, the focus of the emerging discourse on CPEC is clearly tilted towards its economic and strategic imperatives. However, the flip side of the project concerning its political viability is being ignored. Considering that the CPEC is set to traverse through Xinjiang, Gilgit Baltistan and Balochistan simmering with large-scale political discontent, there are lurking uncertainties facing the future prospects of the project, widely hailed as a harbinger of enhanced regional connectivity and trade.

The staple factors put forth to justify the CPEC include China's geographical constraints vis-à-vis southern waters in the Indian Ocean as well as Pakistan's ever intensifying energy crisis. The idea of connecting China to the strategically important waters of the Arabian Sea though has evolved over a period of time, way back to when the Karakoram Highway was constructed during the 1960's and 1970's. The strategic highway built through the only land link between China and Pakistan (read Gilgit Baltistan) in many ways blueprinted the idea of an intensive connectivity network of what is today envisaged as the grand CPEC project.

The issue brief is an attempt to assess the CPEC on the viability quotient as it stands on the plank of long-raging political questions and evaluate the level of concord in the three major geographical segments of the corridor. Premised on the fact that the political conflict in these regions has received comparatively lesser attention in the overall CPEC discourse, the issue brief seeks to un-layer strands of commonalities in these regions vis-a-vis political unrest and collate the larger complexities of prolonged neglect and abject exclusion. Parallel to the political prism, the brief takes into account the geopolitical discontent triggered by the CPEC, whilst looking at likely impacts to be incurred on the complex triangular geopolitical equations between India, Pakistan and China in general and CPEC in particular.

## Across Contested Geographies

The CPEC stretches across zones witnessing conflict, subjugation and political exclusion. These regions continue to be tarred in raging political discontent and are inflicted by deep seated deficit of trust. Slated to originate in Kashgar in the Xinjiang Uighur Autonomous Region (XUAR), the corridor is designed to enter Gilgit Baltistan via the Khujerab Pass before spreading out in parts of Pakistan. In Pakistan, the CPEC travels through Khyber Paktunkhwa, Punjab before culminating at the warm water deep sea port at Gwadar, situated at the southern edge of the restive Balochistan province. While Xinjiang for long has witnessed an incessant ethnic strife offering stiff resistance to Han dominance, Gilgit Baltistan is reeling under lack of constitutional status and political ambiguity since the region's violence-embroiled accession to Pakistan in 1947. Balochistan in Pakistan is infested by insurgency and prominent political groups led by ethnic Balochs have directly challenged the writ of the state during multiple phases of extreme violence and conflict.

All three regions - Xinjiang, Gilgit Baltistan and Balochistan - share rather conspicuous parallels concerning territorial contestations, rejection of state apparatus by the local populace who claim a legitimate right over local resources. Similarly, all these geopolitically key regions contain vast expanses of landmass - Xinjiang is the largest administrative division of China, Balochistan forms 46 per cent of Pakistan while Gilgit Baltistan forms the major portion of what is referred to as Pakistan-Occupied Kashmir (POK). It is rather intriguing that the CPEC which is riding high on the developmental, network-connectivity agenda, boasting of a mammoth multi-billion budget, is traversing regions where the state has allegedly been deeply involved in altering demographics to diminish/wipe their exclusive ethnic characters. As a result, strong undercurrents of rebellion and dissidence prevail in these geographical entities.

**Xinjiang:** Xinjiang, the western most part of China where the CPEC originates, has been reeling under strife owing to political and ethnic reasons. The political discontent stems from ethnic/identity issues and of late has been triggered by relentless subjugation of the majority Uighur population in the province (and a minority in China). Groups such as Turkistan Islamic Party (formerly the East Turkestan Islamic Movement-ETIM) advocate Xinjiang's independence from China. They have refused to accede to the Chinese control on the region obtained in 1949, challenging it on the pretext that the origin of the state lay somewhere else and it does not belong to the Peoples Republic of China (PRC).

**Gilgit-Baltistan:** As noted earlier, Gilgit Baltistan is part of POK. While under Pakistan's territorial control, the region is still not considered a part of it either constitutionally or politically after almost seven decades. More significantly, the region is claimed by India as part of the erstwhile princely state of Jammu and Kashmir (J&K) ever since the Instrument of Accession was signed in India's favour by Maharaja Hari Singh in October 1947. An inordinate wait for political rights and identity has been aggravated by a prolonged phase of political neglect and state apathy. Nationalist sentiments have spawned in Gilgit Baltistan over the years and

have found vent in an array of nationalist/political groups some of whom are defiant to the extent of seeking independence from Pakistan.

**Balochistan:** Balochistan did not immediately accede to the newly formed Pakistan in 1947. Its formal accession to the latter in March 1948 was preceded by a spell of uncertainty and intervention by the Pakistan military. Ever since then, the region has been embroiled in a perpetual state of turmoil and political tussle with the Pakistani state. The insurgency in Balochistan has refused to recede even after military's stringent measures to tide over violence. The Balochistan situation has degenerated especially since 2003-04 under a patently ruthless regime involving indiscriminate state action against individuals, institutions and political groups refusing to comply with Pakistan's control. Draconian tales of forced disappearances, death squads and extra-judicial killings have continuously poured out of Balochistan on a regular basis.

## Disenchanted Populations

The CPEC covers expanse of populations that are inflicted by political angst - ones that have challenged directly the writ of the state controlling them. These people for decades continue to be been at odds with the state authority concerning issues of political rights, resource ownership, economic rights and power sharing. A significant section of population in these region remains disenchanted, more so, disengaged to the mainstream processes.

**Ethnic and political exclusion:** The regions face ethnic exclusion against dominant majoritarian groups - Uighurs against the Han Chinese, Shias of Gilgit Baltistan versus Pakistan's Sunni dominance and ethnic Baloch people against Punjabi patronization. In Xinjiang, China has subjected ethnic population to high handedness and freak elements of control. The state has used possible tools of discrimination against the ethnic Uighurs, who constitute about 90 per cent of the local population. Popular outbursts have frequently resulted in widespread ethnic riots in Xinjiang as manifested grossly in 2009.<sup>1</sup> Recently, there were extensive reports that the Chinese government resorted to extreme measures at times by forbidding the ethnic Uighurs from observing fast during the holy month of Ramzan.<sup>2</sup>

Balochistan has witnessed similar persecution of ethnic Baloch and brazen discrimination by the Pakistani state. Since 1947-48, Pakistan's equations with Balochistan have been patchy and rough. Resistance against Pakistan has persisted through several phases in 1950s, 1960s, and so on. The military has been at the

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<sup>1</sup> 'The riots in Xinjiang: Is China fraying?' *The Economist*, July 9, 2016 at <http://www.economist.com/node/13988479>

<sup>2</sup> 'China bans Muslims from fasting Ramadan in Xinjiang', *Al Jazeera*, June 18, 2016, at <http://www.aljazeera.com/news/2015/06/china-bans-ramadan-fasting-muslim-region-150618070016245.html>; 'China imposes customary ban on civil servants, students from fasting during Ramadan', *The Indian Express*, June 6, 2016, at <http://indianexpress.com/article/world/world-news/china-imposes-customary-ban-on-civil-servants-students-from-fasting-during-ramadan-2838128/>

helm of Pakistan's equations with the Balochi people. Autocratic practices such as death squads, forced disappearances, wrongful detention and extrajudicial killings allegedly perpetrated by the state continue unabated even as the region remains one of the flashpoints of human rights advocacy and international attention at large.<sup>3</sup>

Similarly in Gilgit Baltistan, the sense of political alienation and malaise is extremely deep-rooted. The lack of a political status and constitutionality in Gilgit Baltistan has ratcheted up popular sentiments against Pakistan. Complementing the popular attitudes, a number of political groups exist in the region dissenting Pakistan's highhanded rule, while others seek autonomy or even complete independence. Politics in Gilgit Baltistan has remained subservient to Pakistan's larger agenda against the region - one that has reduced it to be a mere pawn in Pakistan's dubious Kashmir gambit.

**Outsourced resources:** Coincidentally, the three in-focus regions are rich in natural resources. Designated as "national energy strategy base"<sup>4</sup>, Xinjiang houses oil reserves that run in billions of tons, accounting for 1/5<sup>th</sup> of China's aggregate oil reserves. Besides, coal reserves are about 40 per cent of the total followed by the largest gas reserves within China.<sup>5</sup> Irrespective of ethnic strife, China has engaged in expanding refineries and extraction activities in the region. Gilgit Baltistan has vast reserves of minerals and hydro power potential while Balochistan is blessed with significant gas reserve.

The availability of resources unfortunately does not reflect as much in the development indexes concerning these regions. For long, these resources remained untapped before the states in question decided to harness these by either outsourcing them to external players like China (in Balochistan and Gilgit Baltistan) or diverting the resource wealth towards purposes other than local development. Sustained neglect of local interests has accentuated popular angst in these regions which has frequently led to protests and disruptive activities.

**Trepidation against China:** A common strand of widespread China-centric apprehensions is visibly prevalent in Xinjiang, Gilgit Baltistan and Balochistan with strong undercurrent of anti-China trepidations. While in Xinjiang, the anti-China sentiments is attributed to marginalization and suppression of ethnic Uighurs, in Balochistan the quest against the Chinese revolves around the fear that local resources are being exploited to serve Chinese interests. Notably, the broader understanding is that the immediate trigger for the outbreak of the current spell of insurgency in the region was due to the award of the Saindak mining field contract

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<sup>3</sup> Frederic Grare, *Balochistan: The State Versus the Nation*, The Carnegie Papers, April 11, 2013 at <http://carnegieendowment.org/files/balochistan.pdf>, p.2

<sup>4</sup> Jinhui Duan, Shuying Wei, Ming Zeng, and Yanfang Ju, 'The Energy Industry in Xinjiang, China: Potential, Problems, and Solutions', *Power*, January 1, 2016 at <http://www.powermag.com/energy-industry-xinjiang-china-potential-problems-solutions-web/>

<sup>5</sup> Edward Wong, 'China Invests in Region Rich in Oil, Coal and Also Strife', *The New York Times*, December 20, 2014, at [http://www.nytimes.com/2014/12/21/world/asia/china-invests-in-xinjiang-region-rich-in-oil-coal-and-also-strife.html?\\_r=0](http://www.nytimes.com/2014/12/21/world/asia/china-invests-in-xinjiang-region-rich-in-oil-coal-and-also-strife.html?_r=0)

in the Chagai hills to the Chinese.<sup>6</sup> Similar sense of apprehensions and resistance overcast the handing over of the Gwadar Port administration to China in 2013 after the previous Singaporean enterprise decided to withdraw.

## Elements of Dissonance

Apart from the geography-driven factors as discussed above, the CPEC has already unleashed a series of discord both at the political and geopolitical level. In Pakistan, the CPEC is emerging as the latest flashpoint of inter-provincial tussle after the controversial Kalabagh dam project. On the other side, CPEC has been at the centre of bilateral/trilateral discord between India, China and Pakistan. Some of the broad drivers of discontent already playing out, well before the CPEC could actually culminate.

**Political dissonance:** In Pakistan, the CPEC is currently hailed by metaphorical adjectives such as ‘game changer’, and being advertised as a fountainhead of peace, stability and development.<sup>7</sup> The corridor that spreads across several parts of Pakistan has spiralled inter-provincial rivalry and discord regarding share and benefits. Such dynamics have previously marred the pace of development-oriented infrastructure projects, glaring examples being the Kalabagh dam and the Diamer Bhasha dam project.<sup>8</sup> The interprovincial ties within Pakistan have perennially been fragile and equally precarious - explicit during the Kalabagh dam controversy, wherein a much wanted hydropower project was shelved owing to discord between Sindh, Khyber Pakhtunkhwa and Punjab.<sup>9</sup> It is important to note that had the Kalabagh dam project reached fruition, the much pronounced energy woes in Pakistan today would have largely been averted.

Years down the line, the ghosts of Kalabagh appear to hover on the CPEC route controversy. There is much bad blood between the provinces over preferred route options and share in the proceeds from several projects within. For instance, there were several routes floating in the public domain and consensus on zeroing in on a particular route had been eluding ever since. For a long time, there was uncertainty whether Balochistan to the extent possible would be avoided in the CPEC routing.

<sup>6</sup> Ashok K. Behuria, *State versus Nation: Sindhi, Baloch and Pakhtun Responses to Nation Building*, IDSA Monograph Series No. 43, January 2015, at [http://www.idsa.in/monograph/StateversusNationsinPakistan\\_akbehuria](http://www.idsa.in/monograph/StateversusNationsinPakistan_akbehuria), p. 99.

<sup>7</sup> BBC, ‘Is China-Pakistan ‘silk road’ a game-changer?’ April 22, 2015, at <http://www.bbc.com/news/world-asia-32400091>

<sup>8</sup> ‘Controversial topic: All parties urged to agree on Kalabagh dam’, *The Express Tribune*, July 25, 2015, at <http://tribune.com.pk/story/926032/controversial-topic-all-parties-urged-to-agree-on-kalabagh-dam/>; ‘Diamer-Bhasha dam: risks and controversies’, *Dawn*, November 17, 2008, at <http://www.dawn.com/news/968061>; ‘Diamer-Bhasha boundary dispute: Gilgit rejects K-P’s claim to part of dam’, *Pamir Times*, November 26, 2011, at <http://pamirtimes.net/2011/11/26/diamer-bhasha-boundary-dispute-gilgit-rejects-k-p%E2%80%99s-claim-to-part-of-dam/>

<sup>9</sup> Khaleeq Kiani, ‘Sindh, KP resist moves to resume discussions on Kalabagh dam’, *Dawn*, March 18, 2016, at <http://www.dawn.com/news/1246420>

This was mainly due to concerns on continuing political strife and cyclical occurrence of violence in the region.

Likewise in Gilgit Baltistan (part of POK), people are oblivious to their role and share in the CPEC.<sup>10</sup> In August 2015, the Gilgit Baltistan Legislative Assembly passed resolutions demanding setting up of economic zones in the region under the CPEC stable. At the same time, the house also demanded Gilgit Baltistan's participation in the Consultative Committee on the CPEC.<sup>11</sup> Seething under lack of a constitutional status, popular opinion in the region seems incrementally driven towards knowing their actual stakes in the multi-billion corridor. Concerns on getting a rightful share in the CPEC harvest have also resonated in the so called Azad Jammu and Kashmir ('AJK') - the other name for POK, where the newly appointed President Masood Khan contended before the Standing Committee of the National Assembly on Kashmir and Gilgit-Baltistan that the region too should get its 'due share' being a 'natural part' of the CPEC.<sup>12</sup>

The overbearing Punjabi component in Pakistani politics and the army has spurred apprehensions with some sections referring to the CPEC as the 'China Punjab Economic Corridor'.<sup>13</sup> Such views gravely overshadow the popular enthusiasm involving the sheer size and volume of the over \$46 billion Chinese-aided development corridor.

**Geopolitical/strategic discord:** The CPEC is slated to cut through swathes of territory in POK on which India has a standing claim. India's rather underplayed policy on POK has, nevertheless, featured several objections to Chinese involvement in building hydropower projects and infrastructure in parts of POK. In sync with its official stance, India has been opposed to the idea of a connectivity corridor being built through a contested territory i.e., Gilgit Baltistan - geographically an essential part of India's extant claim. India's concerns have been taken up at the highest level with China, including during Prime Minister Narendra Modi's visit to the PRC in May 2015. India's reservations on the CPEC have also been emphasised in the bilateral parleys with China and Pakistan. While the public opinion on the CPEC in India is still shaping up, it appears somewhat divided with a sizeable constituency viewing the corridor as a potent challenge for India's long term security interests.

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<sup>10</sup> Afzal A. Shigri, 'No space for GB on CPEC table', *Dawn*, January 11, 2016, at <http://www.dawn.com/news/1232094>

<sup>11</sup> Shabbir Mir, 'New resolutions: G-B Assembly demands setting up of economic zones', *The Express Tribune*, August 13, 2015, at <http://tribune.com.pk/story/936982/new-resolutions-g-b-assembly-demands-setting-up-of-economic-zones/>

<sup>12</sup> 'Development: AJK wants its due share in CPEC projects: AJK president', *The Express Tribune*, November 11, 2016, at <http://tribune.com.pk/story/1227284/development-ajk-wants-due-share-cpec-projects-ajk-president/>

<sup>13</sup> Syed Irfan Raza, 'Senators say CPEC turned into "China-Punjab" corridor', *Dawn*, November 24, 2015, at <http://www.dawn.com/news/1221849>; Qadeer Tanoli, 'Punjab gets lion's share in Chinese projects', *Dawn*, September 3, 2016, at <http://tribune.com.pk/story/1175160/economic-corridor-punjab-gets-lions-share-cpec-projects/>

India-Pakistan ties have yet again hit a rough patch in the wake of the Uri attack and subsequent cross Line of Control (LoC) strikes. This was in the immediate aftermath of the spate of violence in J&K in July 2016 followed by Prime Minister Modi's Independence Day speech in which he boldly expressed gratitude to the people of POK and Balochistan.<sup>14</sup> India not only appears to substitute the policy rut on POK with proactive forthrightness but also looks prepared to harden its stance on POK and Balochistan, if need be. India-China ties have been on test due to the Nuclear Suppliers Group (NSG) episode and China's gambit in obstructing Jaish e Mohamed chief Masood Azhar's proscription at the United Nations. Disturbing trends such as these afflict triangular dynamics between the three countries. Coupled with India's freshly acquired Balochistan pitch, constellation of forces such as these may impact the feasibility/viability of the CPEC in some, if not considerable measure.

### **The Road Ahead**

It is essential that the discussion on these three regions is also contextualized in the development versus discontent paradox. The debate on the correlation between development and political stability - on how the two propositions impact each other or remain diametrically opposed, is wide. Correspondingly, there is also the dilemma regarding what comes first - political stability or economic development. Considering the extent of political instability and economic lag in the regions the CPEC travels through, it would be interesting and worthwhile to observe the prospects of medium and long term impact of the CPEC over these lands.

More significantly, any approximate analysis concerning the contours of CPEC's future course must essentially factor in two drivers of prime significance - Pakistan's grim international security parameters and China's risk averse behaviour. CPEC's arterial spread inside Pakistan as well as POK make it dependant on Pakistan's internal security situation, which has witnessed a steep downslide despite the army's projected resolve to purge militancy and violence. In view of recurring incidents of mass killings abetted by several militant groups across Pakistan, especially Balochistan, the prospects of the CPEC acting as a harbinger of stability and development appear more than dismal. Before this happens, Pakistan needs to shed its long standing affinity to militancy as an instrument of state policy and inspire confidence amongst provinces thereby creating an environment conducive for economic development and stability.

As the corridor charts across hotbeds of unrest and instability, through lands of contested statuses, it will litmus-test China's risk-averse investment behaviour. China in the past has steered clear of politically contentious projects such as the Diamer Bhasha dam (in Gilgit Baltistan) - a controversial project territorially challenged by India and also the scene of an existing boundary discord between

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<sup>14</sup> 'PM Modi at 69<sup>th</sup> Independence Day Celebrations from Red Fort', August 15, 2016, at [http://www.pmindia.gov.in/en/speeches/#skip\\_to\\_main](http://www.pmindia.gov.in/en/speeches/#skip_to_main)

Khyber Pakhtunkhwa and Gilgit Baltistan. Whether or not China is able to take a deep plunge in the risk-ridden investment landscape remains to be seen.

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