
III. The New Silk Road

THE CHINA-PAKISTAN ECONOMIC CORRIDOR

Pakistan's Cornucopia in Waiting

by Ramtanu Maitra

April 4—There are many aspects of the China-Pakistan Economic Corridor (CPEC), when completed, which will enable Pakistan to launch an overall nation-wide development perspective. Pakistan's biggest shortcomings after almost 70 years of its existence have been its inability to carry out even nominal development of its western and southern parts constituting the Northern Area, Khyber-Pakhtoonkhwa, and Balochistan provinces. Much of Sindh province's rural areas have also undergone little agro-industrial development during this period.

The CPEC plans to change all that. The plan centers around two major ingredients: building power plants and developing connectivity. Once these are accomplished, Pakistan will be ready to develop its agro-industrial capabilities. A few additional ingredients will be required during the interim period, including building up a pool of skilled workers.

Expansion of Power Infrastructure

Pakistan is a power-starved nation. According to the United States Institute of Peace (USIP) report in 2015, Pakistan is currently facing a severe and multifaceted energy crisis. Electricity shortages exceeded 7,000 megawatts in 2011, and the gas shortfall is 2 billion cubic feet per day. The energy shortages are estimated to cost around two percent of GDP annually.

This shortfall is the result of the failure, over successive governments' tenures, to invest enough to expand power system capacity. Low and declining investment and savings rates (including in power) reflect macro-economic weaknesses.¹

In reality, however, the shortfall is much more severe. The country's overall capacity of power generation (but not the peak power supply, which is about 60% of generation capacity in the best of times) is 23,538 MW, leaving a shortfall of nearly 40,000 to 60,000 MW. Accord-

ing to Pakistan's Water and Power Development Authority (WAPDA), national power demand at levels of peak demand will reach 40,000 MW by 2020.

CPEC addresses this problem directly. Under CPEC, China will invest \$33.8 billion in thermal, nuclear, solar, and wind power generation facilities and projects to overcome Pakistan's energy shortages. The completion of these project during the 15 years of CPEC development will ensure the country's economic growth with tangible economic benefits that will be derived from its subsequent agro-industrial developments. Although all the power projects have been not been cleared yet, the following projects, showing a province-wide breakdown, have been named as of now:

In Sindh (10,250 MW):

- Port Qasim Coal Power Plant 2,270 MW,
- Thar Coal Power Plant 3,300 MW,
- Jamshoro Power Project 1,320 MW,
- Wind Power Projects 500 MW,
- Nuclear Power Plants 2,200 MW,
- Lakhra Coal Power Plant 660 MW.

In Khyber Pakhtoonkhwa (8,230 MW):

- Sukki Kinari Hydro Power Station 870 MW,
- Dasu Hydro Power Project 4,320 MW,
- Tarbela IV & V Extension 2,700 MW,
- Alai Khawar Hydro Power Project 121 MW,
- Khan Khawar Hydro Power Project 72 MW,
- Dabeer Khawar Hydro Power Project 130 MW,
- Gomalzam Hydro Power Project 17 MW.

In Azad Kashmir—the Pakistan-held part of the disputed state of Jammu and Kashmir (4,029 MW):

- Neelam Jehlum Project 979 MW,
- Karot Hydro Power Project 720 MW,
- Kohala Hydro Power Project 1,100MW,
- Mehl Hydro Power Project 590 MW,
- Azad Pattan Hydro Power Project 640 MW.

In Balochistan (4,200 MW):

- Hubco Coal Power Project 3,600 MW,
- Gwadar Coal Power Project 600 MW.

1. Rashid Aziz and Munawar Baseer Ahmad, *Pakistan's Power Crisis: The Way Forward*, USIP Special Report 375, June 2015.



stan in the north through Khunjerab Pass into Gilgit-Baltistan and move southward to Balochistan's Gwadar Port, winding its way through northern Punjab, Khyber Pakhtoonkhwa, and Balochistan, priority has been given to building a 392 km motorway between Sukkur in Sindh province in the south and Multan in Punjab province in the north. Recently, China State Construction Engineering Corporation (CSCEC) signed a \$2.89 billion contract to officially launch the construction of the motorway which is expected to improve transport conditions of the most populous and developed regions in Pakistan. This stretch of the motorway, when constructed, will become part of the much longer Karachi-to-Peshawar motorway, a key part of the CPEC.

In addition, two other motorways to facilitate the development of CPEC have been envisaged. One is planned to pass through central Pakistan and the other through eastern Pakistan, linking such major cities as Faisalabad and Lahore.

CPEC includes plans to upgrade Pakistan's now-rickety railroads. The identified sections include a new railway track from Gwadar to Quetta and Jacobabad via Besima—all located in Pakistan's southwestern Balochistan province. In addition, some 560 km of railway track will be laid from Bostan, north of Quetta, to Kotla Jam in Punjab, via Zhob and Dera Ismail Khan in Khyber Pakhtoonkhwa, while 682 km of track will be laid from Havelian, south of Abbottabad in Punjab, to Khunjrab on the China-Pakistan border on the way to Kashgar in China's Xinjiang province.

Also on the agenda is an upgrade of 1,872 km of railway track from Karachi to Peshawar via Kotri, Multan, Lahore, and Rawalpindi, and some 1,254 km of railway track from Kotri in Sindh to Attock City—in Punjab close to Islamabad—via Dadu, Larkana, Jacobabad, Der Ghazi Khan, Bhakkar, and Kundian.

An established connectivity with China, and within Pakistan, and enhancement of Pakistan's power generation capacity will open up opportunities for Islamabad to develop big agro-industrial economic corridors. That success, in the not so distant future, will enable Pakistan to connect itself with neighboring nations to further brighten its economic future.

To be continued Part 3: CPEC: The challenges in developing the route.

In Punjab (6,220 MW):

- Coal Power Plants (Sahiwal and Salt Range) 1,620 MW,
- Quaid-e-Azam Solar Park 1,000 MW,
- RLNG-based plants 3,600 MW.

In Gilgit Baltistan, also part of disputed state of Jammu and Kashmir (11,917):

- Diamer Bhasha Hydro Power Project 4,800,
- Bonji Hydro Power Project 7,100 MW,
- Satpara Hydro Power Project 17 MW.

Completion of these projects will add more than 44,000 MW to Pakistan's generation capacity. In addition, CPEC also includes building some transmission lines to connect the power generation source to Pakistan's power grid.

Crucial Transport Infrastructure

The second aspect of the CPEC which will significantly open up economic development prospects in Pakistan is the connectivity the project will provide. The connectivity within Pakistan is an important element not only for Pakistan's future development but to ensure the blossoming of a network of trade routes among China, Pakistan, Central Asia, and Iran—by land and through Gwadar Port by sea.

Since the CPEC's prime objective is to enter Paki-