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A Win for Whom?

Widening inequalities under the Belt and Road Initiative's China-Pakistan Economic Corridor

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May 2022



Modeled after the Silk Road that historically connected China to other parts in Asia and Europe for trade, China's Belt and Road Initiative (BRI) was announced in 2013 by President Xi Jinping. The 21st century Silk Road that China has been laying out is two-pronged with the overland Silk Road Economic Belt and the Maritime Silk Road, which seeks to increase their influence in trade, investment and connectivity in Asia, Europe and Africa. The BRI manifests in both hard infrastructure, in the form of extensive network of railroads, pipelines, highways and maritime routes, and soft infrastructure, in the form of policy coordination to encourage trade, investment and finance. The government of China has allocated a total of USD 1 trillion for this initiative, a massive commitment as it allots around USD 85 million a year for development finance.¹

Through these projects, China claims that the BRI will create a "win-win" situation for them and their partners. For developing countries, the BRI, through bilateral deals and multilateral partnerships, will purportedly address immediate needs to forward sustainable development. To its neighbors in the global South, China presents itself as an "alternative" to traditional donors who come from the global North. However, a closer look at projects under China's BRI reveals that it bears the same risks and threats to developing countries as traditional donor projects, exposing these contexts to further exploitation to forward donor

interests. The BRI seems to create a "mini ecosystem," a compact network of infrastructure development and partnerships that will benefit China in attaining its political, economic and strategic objectives.

The BRI has long been criticized for the following risks and threats: debt distress, securitization of aid, and massive environmental degradation. The initiative creates onerous debts, which promote Chinese interests and Chinese corporations' role in development. Development finance given by the Chinese government also pursues strategic security interests, which have contributed to the militarization of communities and human rights violations. Largely infrastructure-led, the BRI has significant environmental impact, despite the worsening climate crisis.²

China-Pakistan Economic Corridor: A Win-Lose Model?

The BRI, composed of six international corridors, transcends the geographical borders of Asia, Europe and Africa, which covers around 60 percent of the global population. An economic corridor, according to the Asian Development Bank (ADB), is a "spatial development initiative, primarily defined as a route along which goods and people move,"³ with an overall aim of promoting economic growth.

In building an economic corridor, there are three main components: transport corridor, industrial production centers and urban centers. The transport corridor, through the construction of infrastructure projects, provides connectivity, allowing the flow of goods. Industrial production centers generate the products being traded and transported along the corridor, while cities contribute the much-needed labor to sustain these activities.⁴

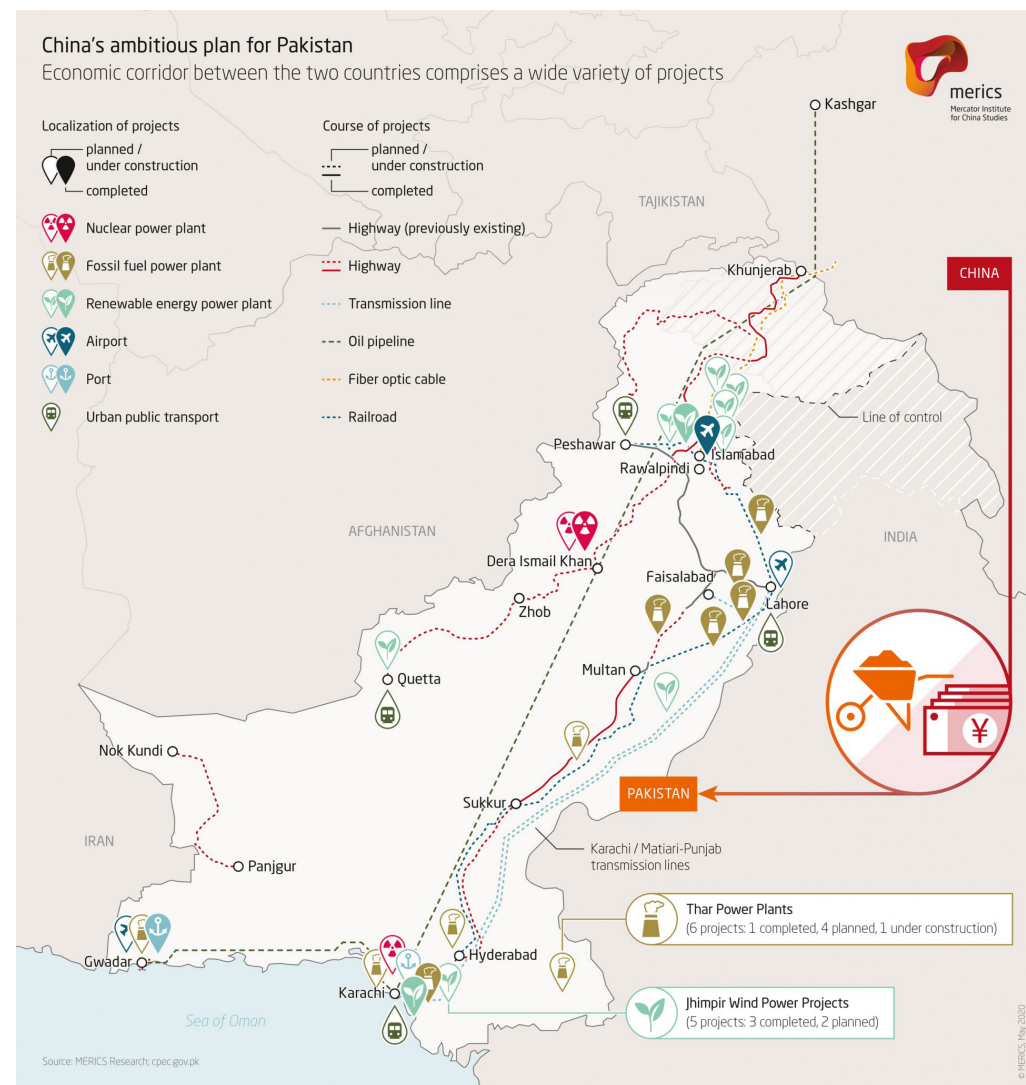
The BRI's flagship project, the China-Pakistan Economic Corridor (CPEC) that aims to construct infrastructure

projects for transportation and energy, is said to contribute to Pakistan's economic growth and development, and to connect China with other regions in the continent. However, the CPEC has been documented to contribute to Pakistan's debt distress and to negatively impact peoples' livelihoods, rights and security.

The Chinese government maintains that the China-Pakistan Economic Corridor is envisioned to promote regional connectivity. Infrastructure networks, energy projects and special economic zones would facilitate trade and exchanges between the two countries. The groundwork for the CPEC was first laid out in the early 2000s, but due to the 2008 global market crash and militant attacks on Chinese citizens, it did not materialize until 2015.

The CPEC is claimed to contribute to the "hope of [a] better region of the future with peace, development and growth of economy."⁵ According to the CPEC Authority, the corridor operates on a "win-win model" of development cooperation as it equally benefits both countries. The project forwards the enhancement of transportation networks, academic and people exchanges, increased flow of trade and goods and the production of energy for Pakistan.

Meanwhile, China gains access to the energy reserves outside its territory and routes to South Asia and the Arabian Sea, which provides links to the Middle East, Africa and Southeast Asia. Moreover, promoting economic partnership with Pakistan also helps China ensure regional



Map of CPEC Projects. From the Mercator Institute of China Studies, <https://merics.org/en/analysis/bri-pakistan-chinas-flagship-economic-corridor>.

stability, and secure its western borders, particularly the province of Xinjiang⁶, where internment camps of illegally detained hundred of thousands of Muslim Uyghurs are located.⁷

As of writing, the CPEC has completed 10 energy projects, 6 transport infrastructure projects, 3 Gwadar development projects, and 5 social and economic development initiatives. There are also 27 ongoing projects in the transport, social and economic sectors. For the energy sector, there are 5 projects under

consideration. For its long-term plan, there are a total of 37 projects in the pipeline.¹¹

Furthermore, economic corridors can be utilized as a geo-political tool as these provide the pathways to cross borders and deploy armed forces to conflict areas. This poses a threat to the peace and security of countries, and impedes on communities' freedoms and rights, as well as their country's sovereignty.

Construction of infrastructure projects, which lack environmental and

social safeguards, have contributed more to environmental degradation than to development. Construction of massive infrastructure can lead to deforestation, affecting biodiversity, and increased vulnerability to the climate crisis. The establishment of coal-powered energy

power plants built for industries also contribute much to carbon dioxide emissions.¹² Without the necessary measures, the construction of the economic corridor will worsen the climate crisis and its impacts on the marginalized and vulnerable.

BOX 1. PLANNING AND IMPLEMENTING THE CPEC.

In 2019, a presidential ordinance set up the CPEC Authority, which was tasked to manage the implementation of the projects. The Chairperson of the Authority also serves as the co-chair of the Joint Cooperation Committee, a joint body of Chinese and Pakistan governments. The Committee is staffed by members of China's National Development and Reform Commission and of Pakistan's Ministry of Planning, Development and Reforms. The Special Security Division is responsible for ensuring the security of CPEC projects, with Pakistan soldiers and paramilitary personnel.

The initial allocated budget for CPEC was USD 46 billion, then increased to USD 62 billion in 2020. Development projects are focused on energy and transport infrastructure. The financing is mainly allocated for the construction of a 2,700-kilometer route from Pakistan's Gwadar port to Kashgar in China's Xinjiang Uyghur Autonomous Region (XUAR) in order to transfer oil and gas.⁸

Within Pakistan, CPEC covers transport infrastructure, industrial development, energy projects and the development of the Gwadar port in Balochistan. In the next phase, CPEC will focus on agricultural modernization and industrial production through a series of special economic zones in various regions of Pakistan. Spanning 15 years, CPEC projects are classified into short-term (completed by 2020), medium-term (to be completed by 2025), and long-term (to be completed by 2030).

In the *Long-Term Plan for China-Pakistan Economic Corridor (2017-2030)*, the initiative seeks to address major bottlenecks in Pakistan's economic and social development by 2020, to build Pakistan's industrial system and foster regional economic development by 2025, and to make South Asia an international economic zone by 2030.⁹

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Whose Economic Corridor? China's Corporations and Pakistan's Livelihoods

The massive scale of infrastructure development and accompanying financial agreements under CPEC is unparalleled in Pakistan's history. The BRI promises investment that is almost equal to the US economic and military assistance for 50 years (from 1951 to 2011) and thrice the size of foreign direct investment in Pakistan in the last ten years (estimated at USD 23 billion).¹³ The Long Term Plan for China-Pakistan Economic Corridor 2017-2031 highlights: (i) connectivity through integrated transport system, (ii) information network infrastructure, (iii) energy, (iv) trade and industrial parks, (iv) agricultural development, (v) tourism, (vi) cooperation in livelihood and non governmental sector, and (vii) financial, agricultural and local government cooperation, cooperation in agriculture, and cooperation between local governments.¹⁴

As the Chinese government has allocated a significant amount for the CPEC, Pakistan is subjected to their

demands and conditionalities, which heavily promotes the corporate capture of development by Chinese firms and industries, and ultimately fostering debt unsustainability for the recipient government.¹⁵

Chinese Sunset Industries: Encroaching on Pakistan's industries, livelihoods, and climate

The BRI is meant to accommodate Chinese businesses and corporations, as it aims to promote unimpeded trade. In the case of Pakistan, the relocation of Chinese sunset industries, or businesses in the phase-out process due to overcapacity or the overproduction of goods, rising production costs, and negative environmental impact, is pursued. While both governments claim that this would promote industrialization and create jobs, this also inevitably leads to the Chinese capture of Pakistan's key industrial sectors crucial to the country's development. China's control over key sectors hinders national industrialization that could provide sufficient employment and essential services to the people.

In May 2017, the Pakistani government approved the Special Incentive package for the relocation of industries from China to the nine special economic zones (SEZs) to be built across Pakistan. Broadly, these sunset industries include copper and aluminum smelting, cement, papermaking, textiles, iron and steel, light engineering, and low-end motors and machines.¹⁶



In CPEC's long-term plan, these industries will also be established in the Kashgar Economic and Technological Development Zone and Caohu Industrial Park. The relocation of these industries in Pakistan, through the establishment of SEZs, is being promoted as a way to create jobs in the country.¹⁷ CPEC's next phase has been described by its Pakistani managers as "passing the benefits of CPEC to the general public of the country by creating employment and investment opportunities through initiation of industrialization and broadening the scope of the agriculture sector."¹⁸

For a country with high unemployment rates, Pakistan is supposed to benefit from employment opportunities promised by CPEC projects. This so-called benefit has been critical for the public acceptability of the large-scale infrastructure development initiated by both countries. Two-thirds of Pakistan's 207.8 million population is under the age of 30. To create job opportunities for the 1.3 million Pakistanis entering the job market every year¹⁹, there needs to be a growth rate of 7%²⁰. Pakistan has an unemployment rate of 6.65 million, which is constantly going up.²¹ The country is also experiencing jobless growth.

A series of enthusiastic pronouncements by the Pakistan government and other agencies regarding the employment potential of CPEC raised hopes among the public. They claim the CPEC will generate jobs

in the construction and maintenance aspects of the projects. For instance, energy projects are said to create employment for the construction, installation, and manufacturing (CIM) phase, and the operation and maintenance (O&M) phase. Meanwhile, road infrastructure is expected to create jobs during construction and purported to boost the economy and increase employment after construction.²² The estimated number of jobs to be available for Pakistani workers range from 400,000 to 2 million.^{23,24}

However, CPEC seems to have promised more than it has delivered. According to the data recently released by the Chinese Embassy in Pakistan, CPEC has created only 75,000 jobs.²⁵ There is also a lack of data and reporting from the government of Pakistan regarding the job creation of CPEC. The scarce information comes from random announcements by government officials.

Private corporations implementing CPEC projects employ Pakistani workers in entry-level jobs and are subjected to lower wages, as compared to their Chinese counterparts who are considered as skilled labor. The Chinese government claims that due to the lack of high tech, skilled labor in Pakistan, these jobs are going to the Chinese.²⁶ However, data shows that 24% of college graduates are faced with unemployment, forcing them to apply for lower staff positions.²⁷ An earlier statement by the Chairman of the Parliamentary Committee on CPEC in

2017 indicated 9,581 Chinese nationals working on CPEC-related interventions and around 10,000 are involved in non-CPEC projects.²⁸

Pakistani workers employed in CPEC projects are also not assured of their labor rights such as the right to unionize, decent wages, social security and occupational health and safety.²⁹ The Sindh Engro Coal Mining Company (SECMC), a public-private partnership that carries out the coal-fired power plant project of the CPEC, is accused of violating the rights of its workers. Last year, Dodo Bheel, a SECMC worker, was accused of theft. He was detained for 14 days and subjected to torture by the company's security guards leading to his death. His family and community protested, blocking the Thar Coal road and marching the streets, demanding appropriate action from the company and the government.³⁰

In August 2021, a fact-finding mission led by the Parliamentary Secretary for Human Rights released their initial findings and recommendations in handling Dodo Bheel's case. Per the mission, further investigation must be conducted by a joint investigation team or a judicial commission, due to the distrust of the victim's family and the community in the police. Furthermore, the mission ordered the company to release compensation immediately to the families, establish a redress mechanism, observe labor laws, consult with the local communities, and employ local workers in higher positions.³¹

In order to support these sunset industries, the CPEC also heavily invests in Pakistan's energy sector, specifically coal energy. This holds particular significance to Pakistan due to long periods of energy shortages - the result of faulty energy policies of past governments, which generated public distress and economic loss. The country mainly relied on natural gas and oil sources for electricity, which increased power rates. In addition, the corruption and mismanagement of the energy sector has forced the government to take out loans, contributing to its massive debt. In this context, China has presented itself as a partner to help the energy crisis of Pakistan.³²

China has declared that it will be reducing its carbon footprint, starting with the phaseout of about 105 gigawatts of coal power generation capacity. However, this process coincides with extensive Chinese financing of coal-fired power plants in other countries, allocating two-thirds of its coal financing to Vietnam, Indonesia, India, Pakistan, and South Africa.³³ Pakistani firms receive financing from Chinese banks and corporations to construct power plants. Majority of energy projects under CPEC are coal-powered, despite the universal call for countries to end financing of fossil fuels. As the majority of the country's energy is still coal-powered, Pakistan is far from contributing to the Paris Agreement, or the goal to limit global temperature increase to 1.5 degrees celsius and in combating climate change.

The massive construction of power plants under the CPEC has generated much more energy than the country needs, leading to an overcapacity of electricity supply in Pakistan. However, 50 million Pakistanis still do not have access to electricity and power outages are still frequent due to the lack of the proper infrastructure for transmission. Despite the overproduction of electricity, costs are still increasing due to price monopolization by Chinese and Pakistan firms.³⁴ Pakistan's regulatory authorities employed private corporations for technical support in fixing the prices of electricity.³⁵

In addition to the lack of jobs, the CPEC also leads to the loss of livelihoods as it gains control over Pakistan's industries and constructs infrastructure projects. Furthermore, without appropriate consultation with the communities, development projects eventually harm their sources of income that supports their families.

From land to sea: Impacts on livelihoods, housing, and food security

The plan for agriculture expansion, covering farm to store stages, seeks to promote large-scale and standardized agricultural industry, which raises questions about land tenure or right of tillers to their land, and the future of small-scale farmers which dominate Pakistan's agriculture sector. Announced in 2017, Pakistan's "National Food Security Policy" dedicated an entire section on the

role of CPEC in promoting agricultural economic and technical cooperation between China and Pakistan. It also lists possible items for export to China.³⁶ There is an impending threat that the agricultural supply chain in Pakistan will be controlled by China, affecting their food security and sovereignty.³⁷

Furthermore, there is widespread land acquisition for the construction of infrastructure projects, which also heavily impacts on the livelihoods of farmers, fisherfolk, workers, and their families. Since the start of CPEC, a massive land acquisition drive involving 1,174 square kilometers of land has been initiated. In Gwadar, there was no consultation with the communities when the local government pursued a large-scale acquisition and development of the port.

Over a hundred housing schemes have been launched and private firms have acquired 18.25 square kilometers of land, raising land prices for the locals. While households must be compensated for the acquisition of their land, the process was often not observed. Instead, they were given ultimatums to vacate their lands with little to no compensation.³⁸ After the extensive land acquisition drive, there seems to be little interest from the government to continue investing in Gwadar's development. It scrapped a dozen projects from the country's development programme in 2019. CPEC officials also withdrew support for a livelihood programme and the Gwadar University.

In the case of the Eastbay Expressway, a 19-kilometer expressway designed to support port activity, fishing communities have protested the project design that will affect their access to the sea.³⁹ Despite the protests, construction still continued, with fisherfolk losing two kilometers of access to the sea and damage to their boats due to the faulty boat parking provided.⁴⁰ The expressway also damaged houses and septic tanks, leading to contamination and risk of disease.

On top of increasing encroachment by the project, fisherfolk also face prospects of Chinese trawlers engaging in deep sea fishing, thus exploiting the dwindling fish resource in the Balochistan sea. Trawlers use bottom trawl fishing vessels to catch deep sea marine species. Under the CPEC partnership, the Pakistani government granted a deep-sea licensing policy to Chinese large-scale commercial trawlers, allowing them to fish in Pakistan seas, and sell the produce to Chinese consumers duty-free.⁴¹ The Gwadar Free Zone under the CPEC grants tax exemptions and promotes relocation of Chinese industries, which further promotes Chinese influence in Pakistan's fishing sector.⁴²

The people of Gwadar have been protesting against the arrival of the Chinese trawlers as 80% of the households in the city depend on fishing as their main source of livelihood, and because of the negative

environmental impacts of trawlers. Bottom trawling techniques entail dragging a fishing gear across the sea bed, catching species not meant for consumption, and destroying coral forests. Numerous international studies have pointed to the impact of ecological degradation on Pakistan's marine resources, with fisheries stocks almost completely exhausted in the coastal region of Sindh.

For all development projects, the Pakistani government requires an Environmental Impact Assessment (EIA). The EIA is mandatory for projects related to mining and mineral processing, coal and water management, dams, irrigation, and flood protection. All EIAs must include public consultations to seek stakeholders' opinion about the project and its impact. However, as a matter of practice, this form of stakeholders' engagement takes place only when the project is on the verge of starting, and guidelines for public participation are not legally binding nor is there any provision for respecting the community's choice, should the community oppose the project. All of these renders the stakeholders' consultation a meaningless exercise.⁴³ Such weak regulations also provide an opening for the government to compromise public interest for corporate gains. For instance, to avoid legal challenge over the environmental impacts of the Thar coal power plants, the government of Sindh arbitrarily increased the threshold of fine particulate matter higher than the WHO Air Quality Guidelines Standards.

Tightening Fiscal Belt: Debt Distress for Pakistan

Financing the CPEC

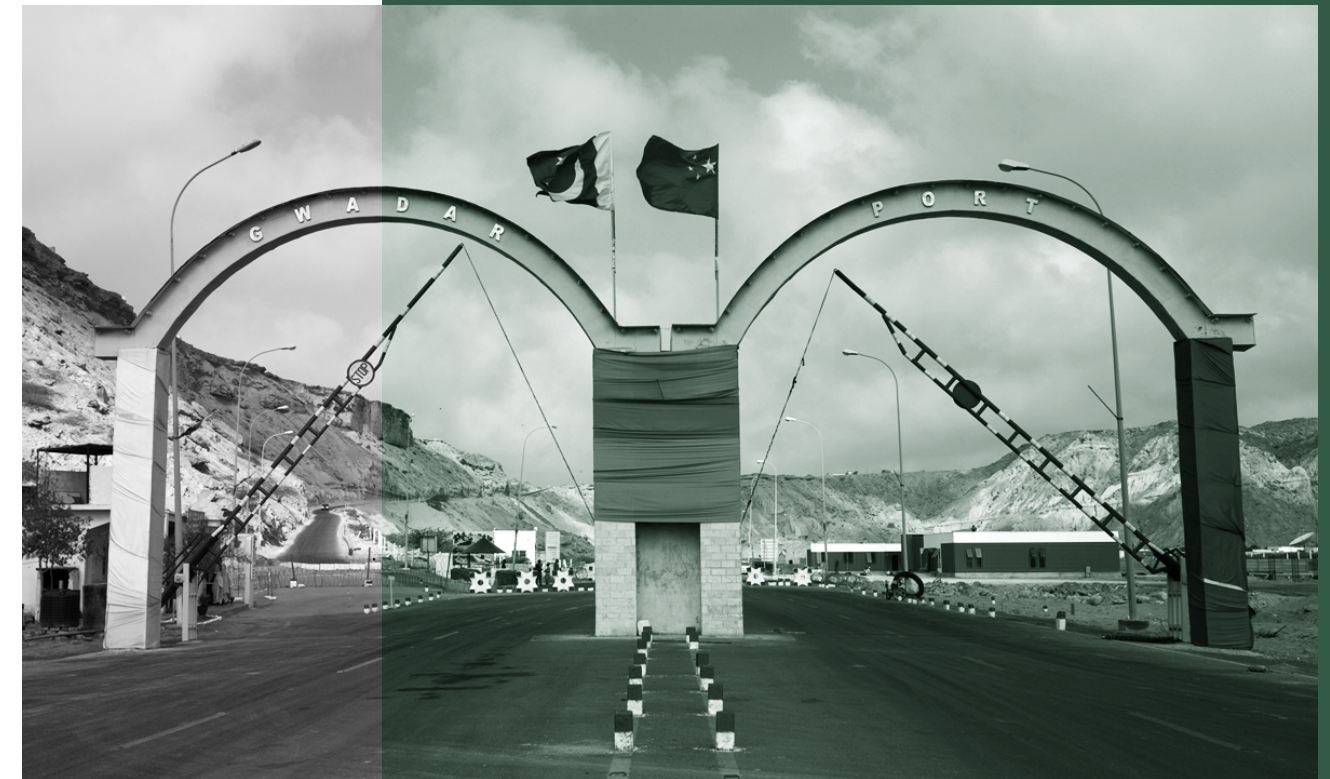
Projects under the Belt and Road Initiative require a financing model that covers cash flow for land compensation, labor cost, engineering equipment and machinery, among others. The USD 62 billion allotment for the CPEC was disbursed through four financial instruments: investments, concessional loans, interest-free loans, and grants. Bulk of the financing is disbursed in investments, which entails Chinese firms borrowing commercial loans for development projects. Concessional loans are given to the Pakistani government with interest, as opposed to interest-free loans and grants. Data shows that only 2% of the total CPEC financing is disbursed in interest-free loans and grants. Meanwhile, a bulk of the financing or 70% goes to investments, while the remaining 28% are concessional loans.⁴⁹

The Chinese funding for the BRI is procured from state-directed

development and commercial banks. Investment is also sought from multilateral development banks and private-public partnerships.⁵⁰ Pakistan's own share is approximately USD 12.4 billion, which is around 20% of the total cost of CPEC projects, though these estimates appear conservative.⁵¹ Furthermore, provinces in Pakistan are expected to cover the cost of construction and the maintenance of security of CPEC projects, allotting 3% of their share in the total tax revenue for these.⁵²

The prevailing debt crisis in Pakistan also diminishes the budget to be used for social services, with only 3% of the GDP allocated to education and healthcare. The people are then forced to resort to private services. In order to repay the debt, the government also imposed an increase in sales tax, which disproportionately impacted the marginalized and vulnerable households.⁵³

Pakistan's plans for repaying CPEC loans and also ensuring returns on Chinese private investment rests on tariffs for power generated by Chinese firms, toll fees for Chinese-built roads, or maintenance and operation expenses.⁵⁴ In addition, Pakistan is hoping that CPEC projects will create employment and economic growth, which will generate revenue for the country to pay back the CPEC financial obligations.⁵⁵ However, these schemes are still insufficient to cover the costs and loans of the projects.⁵⁶ Economists have explicitly questioned the Pakistan



government's repayment strategy along with the repercussions on the country's balance of payment obligations and foreign exchange outflows.⁵⁷ The Pakistan government, at its worst, has remained non-transparent, and at its best, provided vague explanations with regard to loan repayment.

Pakistan is struggling to extract returns from CPEC projects, while

demanding loan rescheduling from the Chinese government. Pakistan's power sector dues have gone beyond USD 1.4 billion, which Pakistan is struggling to manage⁵⁸ as it allotted a disproportionate investment or over-investing in the power sector, leading to surplus production and limited takers. With this, Pakistan is unhappy with the overcharging of USD 3 billion of two CPEC-financed power plants, for the

30-year power purchase agreements.⁵⁹ Pakistan is unable to manage payment, even to run the operation of the plant.⁶⁰ However, Pakistan still has reportedly approached China to ease the terms on the repayment of debt on about a dozen power plants.⁶¹

In terms of repayment, it is not just the loan that Pakistan has to repay. Even though Pakistan has granted tax exemptions and import duty concessions for CPEC-related projects, the Chinese companies that made investments in Pakistan expect high returns.⁶² As explained above, under one of the CPEC financing arrangements, loans issued to project companies by the Chinese bank involve a guarantee of return on equity from the host government. For loans, the Pakistani government provides a sovereign guarantee and the repayment is to start from 2021.⁶³

Due to the ongoing debt crisis, the Pakistani government cut allocations for CPEC projects by almost 44%, and froze development spending, limiting the reach of much-needed development programs.⁶⁴ As a result of the rise in loan repayment obligations in 2018 to 2019, the rupee-dollar exchange rate rose to over 28%, fuelling an increase in the cost of living in an import-dependent country. The consumer price index increased from 5.4% in 2018 to 12.6% in 2019.⁶⁵ This has severe repercussions for a country where 40% of households suffer from moderate to severe food insecurity and 21.9% of the population are below the poverty line.⁶⁶

Beyond the Economic Corridor: Utilization of Chinese Aid for Security Interests

CPEC as a tool for political and military elites

Apart from obvious economic gains, CPEC offered Pakistan's political and military leadership an opportunity to realize their political aspirations. For Pakistan's elected leadership, the energy projects of CPEC provide evidence of delivering electoral promises to resolve energy shortages in the country. Energy insecurity largely resulted from past governments' poor energy policies, which generated public distress and economic loss since the start of the millennium. Pakistan's political leadership has a dominant say in the design and scheduling of the power projects – China was forced to complete certain projects before the elections in 2018.

In 2019, a political platform called Joint Consultative Mechanism was established by China in partnership with the ruling and opposition parties of Pakistan.⁷⁰ The mechanism is seen as

BOX 2. DEBT CRISIS IN PAKISTAN.

Pakistan has been facing a debt crisis, dating back to the 1970s. Pakistan's public debt remains to claim an alarming proportion of the country's Gross Domestic Product (GDP). In mid-2019, it stood at 86.5% of its GDP. Secondly, the state of indebtedness is perpetual. In the last sixty years, Pakistan has been under 21 lending programs under the International Monetary Fund (IMF), and has failed to complete 18 of these.⁴⁴ The IMF has continued to disburse loans to Pakistan amid the entry of Chinese aid, closely monitoring that its funds are not used to pay off loans from the Chinese government.

As a matter of practice, Pakistan meets its fiscal deficit with more borrowing, which has repeatedly led to an increase in the current account deficit. Economists argue that the very structure of Pakistan's economy is consumption-based, with its dependence on imports. Other than the textile sector, the country has minimal production capability. The state is surviving entirely on domestic and foreign loans.⁴⁵

The continuing IMF-driven debt crisis in the country is exacerbated by CPEC loans and projects. China is currently Pakistan's single largest creditor with the country owing USD 24.7 billion or 27% of its total external debt to China.⁴⁶ Pakistan has already started demanding talks for rescheduling and renegotiation of the loans under CPEC.⁴⁷ In 2018, the country underwent an acute financial crisis and depletion of foreign exchange reserves, with an increase of USD 31.6 billion in its total external debt and liabilities within three years (from 2015 to 2018), and reaching USD 96.7 billion by September 2018. On top of debt servicing which claims over one-third of Pakistan's budget,⁴⁸ and 62% of exports earnings, Pakistan had to pay back USD 37 billion to both bilateral and multilateral creditors over the IMF program period from 2019 to 2022. The repayment was rescheduled due to COVID-19.

an effort on the part of China to build political consensus across Pakistan’s fragmented party system to enhance support for Chinese interests in the country.⁷¹

Besides political leaders, military leaders are also heavily involved in the CPEC, especially in the control over the approval, management, and security of the projects. The CPEC Authority in Pakistan is chaired by a retired military-general and over 15,000 military personnel have been deployed to secure CPEC projects.⁷² In Balochistan, military engineers have been participating in the construction of CPEC projects.

Military influence in CPEC projects

With the influence of the military on the projects, the CPEC is used to execute Chinese-Pakistan security interests, as military ties are strengthened with enhanced defense capability, and military expansion is promoted under the guise of security of CPEC projects. Aside from joint exercises and trade of modern sophisticated weaponry, Pakistan and China are also undertaking business partnerships on defense efforts, which is boosted by CPEC infrastructure. In 2015, China agreed to sell eight submarines to Pakistan, aiding China’s attack submarines stationed in Pakistan’s Gwadar port. There were also plans for CPEC special economic zones to produce new products to boost military capability, such as navigation systems, radar systems, and onboard weapons.⁷³

Plans to construct a naval base at Gwadar have appeared in news reports, although China and Pakistan both deny their existence.^{74,75} The naval base site has been identified as Jiwani, a local fishing area in the region.⁷⁶ Researchers and analysts have noted an unusual degree of security, with the appearance of anti-vehicle berms, security fences, a high wall, sentry posts, and elevated guard towers at the construction zone.⁷⁷

Following a series of terrorist attacks on Chinese workers in the initial years of CPEC, Pakistan designed a four-layer security plan to guard 14,321 Chinese workers in Pakistan with an estimated 32,000 security personnel force consisting of Frontier Corps, Levies, and the police.

Pakistan military established a separate security division under the title of Special Security Division (SSD), comprising infantry battalions and civilian armed forces headed by a serving major general of the Pakistan Army, for the protection of the economic corridor.⁷⁸ The initial cost of the security division was reported to be at Rs 23 billion (around USD 128 million), in addition to the billions of rupees that come from the country’s budget to support CPEC security.⁷⁹

Repression of discontent

The Pakistani government and armed forces have taken extreme measures to protect the identity and nature of CPEC in the country, at the expense of people’s rights. As CPEC

BOX 3. CHINA-PAKISTAN RELATIONS.

China and Pakistan’s strategic interests are placed around a common desire to counter the United States and India’s influence in the region. In the face of repeated diplomatic isolation of Pakistan by the international community, especially by the United States as its supposed ally, China’s unwavering support has not gone unnoticed. For instance, China has shown open support for Pakistan during the 1965 war with India, subsequent endorsement of Pakistan’s nuclear power ambitions, and strong military assistance in terms of arms trade and nuclear capability development. At the same time, China has maintained a very pragmatic approach in its relations with Pakistan. It refused to support Pakistan in the 1971 war, snubbed its request for a formal military alliance by the Bhutto regime, and describes Kashmir as a bilateral issue between Pakistan and India⁶⁷, much to Pakistan’s dismay.

However, as diplomatic support to Pakistan has been tied to China’s strategic interests, China has also sought to work alongside the Pakistan military to keep its borders clear of any terror threat. In 2003, China set up an anti-terror consultative mechanism and conducted joint anti-terror exercises with Pakistan to counter threats in the Xinjiang region from Uyghur militants and other bases, which China deems as threat to its stability. The government of China has been undertaking a series of crackdown and “counterterrorism” measures towards Uyghur Muslims in the Xinjiang region. The government has been detaining Uyghurs in “re-education camps”, arresting religious leaders, destroying mosques and banning Muslim clothing and practices.⁶⁸

While avoiding a formal military collaboration, China is Pakistan’s biggest arms provider. From 2000 to 2010, the Chinese arms export to Pakistan represented 48% of China’s total arms export during that period.⁶⁹

This very broad overview of the dynamics of cooperation between the two countries suggest an inclination on the part of both the countries to place bilateral ties within the framework of their individual strategic interests rather than any shared values. The Pakistani extension of the Belt Road Initiative, reflected in China Pakistan Economic Corridor therefore needs to be seen in this perspective.



BOX 4. CPEC IN THE DIGITAL SPHERE.

The CPEC also forms a part of China’s Digital Silk Road (DSR), as a component of global connectivity, aspired by China through the BRI. Under the Digital Silk Road, three components are pursued by the CPEC: safe city projects, submarine cable and the global satellite system. All of which pose a threat to Pakistan’s peace and security.

“Safe City” projects entail the installation of digital security systems across major urban centers in Pakistan. The sophisticated infrastructure includes multiple tracking options and facial recognition technology, enabled through high-grade CCTV cameras and controlled by a command center that uses artificial intelligence and cloud computing technology.⁸⁴ In Gwadar, there were plans to fence off 24 square kilometers of the city to install more than 500 surveillance cameras.⁸⁵ The use of the facial recognition technology is increasingly seen as a violation of human rights as it impedes privacy and promotes racial profiling. The “Safe City” projects in Islamabad and Lahore have already promoted the use of these technologies to investigate criminal cases, including those related to “terrorism”.⁸⁶

The Pakistan East Africa Connecting Europe (PEACE) submarine cable in the Arabian Sea, which aims to provide the shortest direct internet route service in BRI-participating countries, is also being pursued. The USD 240 million project, in partnership with China’s Huawei Corporation, has started with the laying of cables between Rawalpindi and the port cities of Karachi and Gwadar in Pakistan.⁸⁷ The cable also passes through Singapore, Kenya, Egypt, France, Maldives, and Malta. With its reach and control, the telecommunication cables will be able to support the surveillance initiatives of the Chinese government in these countries.⁸⁸

Lastly, Pakistan also came into the fold of China’s recently launched global satellite system, BeiDou, which has military and civilian functions. Through its advanced GPS system, BeiDou exposes Pakistan to tracking and surveillance by Beijing, whether it is used for navigation by common citizens or by the military for rocket launches.⁸⁹

The myriad of surveillance technology directed at tracking the citizens led by the governments of China and Pakistan, both of whom have shown authoritarian tendencies, continues to put the lives and rights of the people at risk. Pakistan has a number of laws that legitimize privacy invasion and arbitrary detention. Surveillance technology will only strengthen the violation of the citizens’ fundamental rights. Moreover, Pakistan’s increasing exposure to surveillance by Beijing will endanger their sovereignty and security as a nation.

is being equated to the promotion of national interest, Pakistani citizens questioning CPEC projects, processes, and authorities are being tagged as traitors. National and local government authorities are expressing support for the CPEC despite its questionable intentions.⁸⁰

There is a complete lack of transparency regarding CPEC projects and processes. Details around financing are still not available to the public, and even the parliament of Pakistan has been denied detailed plans and the opportunity to vote on it.⁸¹ This is despite the presence of formal committees on CPEC in both the senate and the national assembly. The Chinese embassy also played a role in encouraging the government of Pakistan to refuse to share the details of CPEC with the IMF, from whom Pakistan was seeking a bailout of USD 12 billion in 2019.⁸²

Moreover, both traditional and digital media are being censored – information on the CPEC is limited and any form of dissent is quashed. Through social media and local information channels, China has portrayed CPEC as a positive development in Pakistan. Other news that paints China in a bad light, including human trafficking and the abuses against the Uighur Muslims, were barred from being shown in Pakistan.⁸³ While Pakistan's print media does report on the CPEC and the human rights issues emerging out of its implementation, there is a lack of critical analysis on the topic.

Conclusion

Contrary to China's narrative that the CPEC follows a win-win model for both countries, the negative impacts on Pakistan's economy, sovereignty, security, and environment, and most importantly, on the people's lives, livelihoods, and rights, reveal the opposite. As China relocates its sunset industries and despite promising creation of new jobs, local industries and livelihoods are threatened. This burdens the workers, farmers, fisherfolk and their families. The lack of consultations and transparency in CPEC processes have also contributed to further environmental degradation.

In addition, the USD 62 billion financing for the CPEC, disbursed mainly as loans, burdens the Pakistani people for repaying the debt incurred. The CPEC also promotes Chinese interests over peoples' interests, as they have also used the initiative to pursue their strategic economic and military interests. Massive Chinese and Pakistani military influence over the

project has increased surveillance and repression of peoples' rights. As the people have expressed discontent over the planning and implementation of the CPEC, both governments have violently repressed people's voices, threatening their peace and security. Nevertheless, the Pakistani people have continued to call for increased transparency and accountability from both governments as the CPEC continues to be implemented.



Continuing Resistance amid Repression

Widespread discontent of the people with CPEC projects and processes was met with an intensified military response of the governments of China and Pakistan. In Tharparkar, Gwadar, and Gilgit Baltistan, strong local resistance focused on the lack of consultation with local communities in the projects, aggressive land acquisition, displacement of local communities, and inadequate compensation for land. Communities have also openly expressed resentment against environmental degradation resulting from CPEC projects.

There have been hardly any instances of dialogue with the community over contentious issues. In Gilgit Baltistan, communities that protested against the destructive impacts of CPEC projects were charged with the draconian Anti-Terrorism Act of 1997 and The Prevention of Electronic Crimes Act of 2016.⁹⁰ The former Pakistan Planning and Development Minister was caught on record threatening the locals protesting against CPEC with charges based on anti-terror laws.⁹¹

In Tharparkar, the CPEC-sponsored coal plants have led to large-scale displacement, land dispute, and environmental degradation, leading to protests. The response has not only been met with securitization of the region and strict censorship. Some of the most vocal activists resisting CPEC have also been abducted.⁹²

Human rights violations are not just directed at Pakistani citizens, but also at China's own citizens. From 2016 to 2018, the government of China detained 50 to 80 Chinese women married to Pakistani men from Gilgit-Baltistan, as they were accused of maintaining links with religious extremists.⁹³ A 2020 study also reports installation of spyware on the phones of Uighur citizens in Pakistan. The spyware retrieved personal information from the phone, including location data, text and audio conversations and contact information.⁹⁴

In November 2021, the Gwadar Ko Haq Do or Give Gwadar its Rights Movement led protests, which mobilized tens of thousands of Pakistanis to respect their rights and pursue genuine, inclusive development. They protested against the provincial government, demanding that they be given better access to education and electricity. The people of Gwadar also called for sufficient action on the entry of Chinese commercial trawlers, which affected the fisherfolk's livelihood. A month later, Prime Minister Imran Khan acknowledged their demands and secured the necessary steps to achieve them.⁹⁵

Recommendations

While the BRI was initiated to promote connectivity among different countries, therefore promoting their growth and development, the case of CPEC has proved the opposite. The BRI has further widened and exacerbated inequalities, as Chinese interests reign over the peoples' interests and rights. While communities, people's organizations and civil society organizations continue to call for increased transparency and accountability in the processes and projects under the BRI, the following recommendations are also forwarded to the Chinese government towards a rights-based, people-centered development.

Addressing debt distress. Given Pakistan's current debt crisis, onerous debts that put the burden of repayment on the people of Pakistan must be repudiated. It should stop fostering debt unsustainability that further impoverishes developing countries, especially in the context of the COVID-19 pandemic. Furthermore, development financing

must be increasingly provided in the form of grants to the government, and for projects that are locally-owned and determined.

Promoting people-centered and climate-resilient development.

Instead of flooding Pakistan with Chinese sunset industries, aid must be directed to developing national industries to provide the necessary growth and employment to the people. Natural resources in Pakistan must be enjoyed by the people in the country, protecting the livelihoods of local fishing and farming communities. Energy projects, which can support industrialization, should move away from coal and fossil-fuel power and transition to renewable sources. In line with China's latest commitment to step back from investing in new coal-fired projects, there is a need to roll out a plan for the scaling back of CPEC-backed coal projects in Pakistan. BRI projects must conduct environmental assessments and uphold international agreements to contribute to a climate-resilient future for all.

Protecting peoples' rights and addressing human rights violations through inclusive and participatory mechanisms with CSOs, POs and communities.

BRI projects must first and foremost, uphold peoples' rights, as development projects must not threaten communities' land, livelihood and security. The government of China must stop the securitization of aid and minimize military action and influence over its communities. Reversal of shrinking civic spaces, in the physical and digital sphere, must be undertaken by

both governments. Citizens must be able to express dissent and their opinions, online and offline. Widespread and inclusive consultations must be pursued in development projects and should not be exploited to conduct surveillance measures on its partners, in the name of global and regional connectivity. In this light, there must be inclusive and participatory processes with civil society organizations, people's organizations and communities in the planning, design, and implementation of BRI projects. Furthermore, grievance redress, accountability, and remedy mechanisms must be made available for victims of human rights violations.

Adhering to Development Effectiveness and South-South Cooperation principles. The principles of country ownership, focus on results, inclusive partnerships, and transparency and mutual accountability or the Development Effectiveness principles, which envisions to increase the impact of development cooperation, should be upheld by both the Chinese and Pakistani governments. Moreover, South-South Cooperation principles of respect for national sovereignty, national ownership and independence, equality, non-conditionality, non-interference in domestic affairs and mutual benefit seem to be absent in CPEC projects and processes.

Benefits of infrastructure projects are skewed in favor of the private sector, leaving the marginalized and vulnerable sectors even further behind. With this, CPEC initiatives have done more harm

to people's lives and to the environment. CPEC and other BRI projects must be aligned with the needs and priorities of the communities in order to genuinely respond to the compounding development challenges they face.

Communities, civil society organizations, and people's organizations remain excluded from decision-making processes for CPEC projects. An inclusive and participatory stakeholder engagement process must be incorporated into the Belt and Road Initiative, which ensures that inputs and comments from the people are taken into consideration in the design and implementation of projects. A functional and responsive local grievance mechanism, especially for affected communities and sectors, which displays a serious commitment to resolving public discontent with CPEC projects, must be incorporated. Repression of dissent and shrinking of civic spaces must be immediately stopped.

Lastly, there is a complete lack of transparency from both the government of China and Pakistan on CPEC deals, financing, and processes. They also remain unaccountable for the rights they have violated. As CPEC is being used to facilitate military surveillance over the country, peace and security of Pakistanis are at risk. Project details and information must be made available, especially on possible social and environmental impacts. Accountability mechanisms to hold the governments responsible for the negative impacts on their livelihood, development, rights,

and environment, should be established. There needs to be genuine commitment and implementation of these principles to ensure development for all.

While the governments of China and Pakistan purport the 'win-win model' for the CPEC and the BRI, there has been widespread loss and violations towards the people and their rights, livelihoods, and security. As the economic corridor puts Chinese political, economic and security interests above Pakistanis' sovereignty, peace and environment, it will undoubtedly serve as a hindrance to the people's development. The CPEC and BRI has been met with widespread discontent, with people demanding the governments and their partners to uphold their rights, provide access to social services, protect their livelihoods, and to preserve their environment. There can only be a win-win situation if these initiatives will forward a people-centered, rights-based, and climate-resilient development for all, especially for those who are left behind.

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May 2022

CSO Aid Observatorio

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