



Community Perception towards the Socio-Economic Impact of CPEC on Northern Pakistan

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ARTICLE INFO	ABSTRACT
Article No.: 050918067 Type: Research DOI: 10.15580/GJSS.2018.2.050918067 Submitted: 09/05/2018 Accepted: 03/06/2018 Published: 14/06/2018 *Corresponding Author Shavana Sahar Bangash E-mail: shavanabangash@gmail.com Keywords: socio-economic conditions; local perception; CPEC; Gilgit Baltistan; Pakistan China.	The China Pakistan Economic Corridor (CPEC) targets the less developed areas of Pakistan and China. In this way underdeveloped and deprived areas come into the road map of new era of holistic development. In the current study, the local community perception towards the socio-economic impact of CPEC projects was examined in different regions of Gilgit Baltistan (GB). The primary data was collected from three main divisions of GB i.e. Gilgit, Skardu and Hunza and samples of one hundred and twenty respondents were interviewed. The data from the above regions were collected and was analysed using N-vivo software for thematic analysis, with the aim to present the perception of local people regarding the ongoing projects of CPEC. The study consists of socio-economic indicators with qualitative in nature and its various dimensions including education, tourism, businesses, constitutional rights and their living standard. According to the study findings, it is obvious that CPEC is having a beneficial impact on socio-economic condition of the GB. By having new opportunities to the local people of GB in various aspects i.e. economic, political and social, this would help them for their sustainable development and capacity building.

Background

The China and Pakistan relationship started in 1950's, when Pakistan was amongst the first country to establish official diplomatic relations with the People Republic of China. Since then, both countries have placed considerable importance on the maintaining close and supportive relationship and have regularly exchanged high-level official's visits resulting in a variety of agreements (Kayani et al., 2013). The China Pakistan Economic Corridor (CPEC) is a mega developmental project and a major part of "One Belt One Road", which aims to connect China's Western autonomous region of Xinjiang to Gawadar deep sea port in South-Western Pakistan via a large network of highways, railways, airports and pipelines (Riaz and Mi, 2017). The economic corridor is a central part to China and Pakistan relationship running about 3,000 km from Kashgar to Gawadar. The overall cost of CPEC project is estimated to be \$46 billion but it is not limited to this amount (Kazi, 2017). Currently, the value of CPEC project is now worth \$62 billion. The project of CPEC will be completed in three phases, phase-I to be completed in 2018, phase-II in 2025 and phase-III will be completed by 2030.

China's increasing economic clout has enabled a wide variety of projects to be sponsored in Pakistan through Chinese credit. CPEC will connect Pakistan not only with China but also to the Central Asian countries with highway connecting Kashgar (China) to Khunrab pass (Gilgit Baltistan, Pakistan) and Gwadar (Baluchistan, Pakistan). Gwadar port in Southern Pakistan will serve as trade nerve for China (Riaz and Mi, 2017). China's prime focus in constructing this corridor seems to strengthen its trade and economic connectivity with countries in the region (Perveen and Khalil, 2015). CPEC will enhance regional, economic and trade cooperation that in turn would contribute towards regional peace and stability (Canning and Pedroni, 2008; Lakashmanan, 2011). In Pakistan, the multiple conflicts have severely affected the socio-economic indicators of the society (Ullah, A. et al., 2017). China has one of the world's largest economy with some extraordinary open doors for Pakistan to take advantage of it. Chinese speculation is assuming critical part to elevate Pakistan's feeble economy (Chen, 2015). Comparatively, the industrial base of Pakistan is very weak and need to be protected from the Chinese competitors (Hamid and Hayat, 2012). Furthermore, the project of CPEC includes the construction of a cross-border optical fiber cable system, textile garment industrial park projects and numerous ventures in the energy sector yielding power from various sources comprising hydro, coal, wind, solar and nuclear energy projects. It also entails the development of coal mining projects, the construction of dams, the installation of nuclear reactors and creating networks of roads, railway lines and oil/gas pipelines (Tiezzi, 2014; Qureshi, 2015).

Pakistan is blessed with sea frontage of 1046 km stretching to the South. Many sea port sites are available along sea shore of Pakistan out of which

Karachi, port Qasim and Gawadar deep sea port are functional. This corridor will have significant importance not only for Pakistan and China but for the entire region (Perveen and Khalil, 2015). There are 22 major projects that China has initiated in Pakistan and currently there are more than 120 smaller Chinese projects. About 12,000 to 15,000 Chinese engineers and technicians are working on these projects in Pakistan. In order to effectively channel this cooperation, it is extremely important to seriously coordinate these efforts and develop proper industrial zones (Haris, 2015). The outcomes of this project are deliberately vital and gainful for both of the countries. After completion of CPEC projects, China would have entry to the Middle East and Africa, through the Gwadar port of Pakistan. In return, China will begin the advancement ventures in Pakistan and will help to dispose of the vitality emergency and consequently, will boost up the economy of Pakistan.

China Pakistan Economic Corridor (CPEC)

The basic aim of CPEC is to target the less developed areas of China and Pakistan. Secondly China wants to have alternative short route for safe trade. Additionally, China also wants to link with central Asian and Middle East countries to diversify its trade partnerships. Therefore, in 2002, China likewise began development works at Gwadar port with the arrangement of connecting it to Western China. In February 2014, Pakistani President went to China to talk over the arrangements for a monetary hallway in Pakistan. After two months, Pakistan's Prime Minister met with Chinese President to examine further plans and to bring about the full scope of the CPEC projects to be planned accordingly.

CPEC is an extensive way towards resource rich nations in Middle East. It additionally wanted to associate Gwadar port to China through roads and rail connections to make strong China and Pakistan financial ties (Khan, 2015). In order to make the CPEC operational, the Chinese government has set up a special economic zone in the historical city of Kashgar, the border city between China and Pakistan. The Chinese government plans to complete this economic zone by the year 2020, for this duration Pakistani industrialists are offered a tax-free zone and other concessions. This economic zone will prove to be the key to trade amongst the Asian neighbouring countries (Haris, 2015).

A railroad network is being constructed to ensure swift trade via this link. Some Pakistani politicians are becoming impatient regarding the construction of the road network plying through their constituencies. Linking the existing infrastructure with the detailed planned project has been made a priority. Thus the region will be linked through modern means of communication including railway tracks and road networks which will provide trade and economic opportunities to not only China and Pakistan but to the entire South Asian region through Gwadar deep sea port (Frederick, 2007). (See Figure 1)



Figure 1: China Pakistan Economic Corridor

Study Area: Gilgit Baltistan (GB)

Gilgit-Baltistan (GB) located in the north of Pakistan, is the only gate way to China. The main route of CPEC is through Khunjab Pass of GB, Pakistan. This area is a self-governing and self-administering territory of Pakistan that was set up as a solitary authoritative unit



Figure 2: Map of Gilgit Baltistan, Pakistan

The project of CPEC is of great influence for the socio-economic and political aspects of the region (Xudong, 2015). The CPEC Project will provide holistic development to the area depending upon the good will of the federal government of Pakistan. Government of GB would have been a great change agent in ensuring their benefits for their people, region and for long term sustainable development. Therefore, this study is based on the following question;

- What are the socio-economic impacts of CPEC on Gilgit Baltistan?
- What are the perceptions of local people of Gilgit Baltistan about the CPEC?

in 1970, controlled by the amalgamation of the Gilgit Agency, the Baltistan locale and the previous majestic conditions of Hunza and Nagar. Absolute region GB is approximately 72,971 km² (28,174 sq mi). GB is politically marginalized yet a geo-strategic region, which borders China, India, Afghanistan and Tajikistan. China has been involved in development of the region since the early 1960s while recently earmarking billions of dollars for mineral extraction, dam building, and industrial and telecom growth.

This region is directly connected with China via Xiang Province since 1960 by Kura Kurram Highway (KKH). GB has got 7 districts blessed with natural resources including more than 5000 to 8000 mountain peaks, including K2 (World second highest peak), Nanga Parpat, Broad Peak, world largest glaciers, lakes, meadows, national parks like Kunjerab and Deosai National Parks, range lands, forests, minerals and gem stones. GB has been attracting tourists from the all over the world since inception of Pakistan and provided sustainable economic benefits to the country. The region has got rich cultures, music, water resources including the great Indus River generates from GB Glaciers and the region is connected with China, Great Pamir, Afghanistan, Tajikistan and India over various passes and ancient routes. However, GB is still deprived of its constitution rights and economically deprived region of Pakistan. (See Figure 2)

METHODOLOGY

This study examines the socio-economic impact of CPEC projects on different regions of GB. The qualitative research method is employed for the study. Furthermore, this study is exploratory in nature and aimed to evaluate prevailing socio-economic conditions in GB, with respect to special focus on CPEC projects. It is based on both primary and secondary source of data. Primary data was collected through the formal and structured interviews while the secondary data was gathered from various journals, newspapers and policy papers.

According to the Pakistan population census 2017, the total population of GB was 922,745. The primary data was collected from three main divisions of GB i.e. Gilgit, Skardu and Hunza and a sample of one hundred and twenty respondents was interviewed. This data was gathered from the local teachers, students, politicians and local masses of the study area. For that reason, simple random sampling was used in the study for conducting formal and structured interviews. The collected data was then analysed using N-vivo software for thematic analysis (coding) to present the perception of local people regarding the various projects of CPEC in GB. Therefore, different themes were identified for further explanation including education, tourism, businesses, constitutional rights and standard of their living.

RESULTS AND DISCUSSIONS

After analysing the whole scenario of both the countries, it seems that CPEC project open the new horizon and boost up the economies by generating more employment opportunities, revenue generation and attract local as well as foreign investors. The project of CPEC had great impact on local people of GB. Firstly, the unemployment of GB would reduce by having more job opportunities. The education system would become better and improve health facilities and the living standard of local people of GB, by providing them an upgraded infrastructure. Furthermore, CPEC enhance and provide an opportunity to the local industries to supply their goods to the national and international markets. In addition to this, CPEC would bring the following outcomes for GB according to the local perceptions.

Socio-Economic Impacts of CPEC on Northern Pakistan

The basic aim of CPEC is to target less developed areas of both Pakistan and China. The CPEC route starts from Kashgar, the traditional business centre in China's Xinjiang province, which connects China to South Asian and Central Asian states. The CPEC then enters Pakistan through 1,300-kilometre-long Karakoram Highway (KKH) in GB and runs throughout Pakistan, finally reaching the Gwadar port in the South of Baluchistan province. The CPEC will not only benefit Pakistan, but will also contribute to regional peace, stability and prosperity in the entire region.

CPEC would bring following development in the region of Gilgit Baltistan.

3. Political and Constitutional Rights for GB

The local people of GB are more concern about their political and constitutional rights. China has also demanded Pakistan to provide constitutional rights to GB and give it proper representations in their parliaments in future. China will stand with Pakistan in UN and international communities to ensure the rights

1. Tourism Industry

Gilgit Baltistan is famous for its natural beauty, culture and history. GB is one of the beautiful regions in Pakistan, which attracts maximum foreign tourists to Pakistan and generates reasonable revenue. The people of GB host thousands of mount climbers every year visiting the K-2, the world second highest peak. Mostly the respondents were of the view that, this area is mainly dependent upon the agriculture and tourism industry. The unpredictability of weather affects agrarian products of this region every year and the local people are left with limited livelihood opportunities. Therefore, these local people are more dependent upon the tourism industry. The CPEC project would bring a new era in the tourist industry in GB. The KKH passes through Northern and Southern part of GB via the famous Hunza Valley. The CPEC Project enhance the hotel industry, creates jobs for thousands of educated and uneducated population of GB. Furthermore, it would improve, extend and upgrade the KKH and also flourish other industries like cottage, handicrafts and cultural activities including mountain festivals and attracts adventure tourism from all over the world. In this way the poverty threatened people would have better sustainable livelihood opportunities.

2. Promotes Scientific Research and Education in GB

The CPEC Project would bring huge impacts in GB through opening of new universities, technical, vocational institutions and flourish new skills, knowledge's in the door steps for the future generations. The Youths of GB would get maximum benefits from CPEC; if they learn new skills, knowledge's and involves them creating their entrepreneurial skills and projects. The CPEC routes bring GB much closer with other cities of Pakistan and also with rest of the world. The Chinese industry is much advance having modern technologies, electronic and scientific knowledge. GB being the closest region to China on CPEC routes, the youth would get benefit from its academic institutions and by availing scholarships from Chinese government. The CPEC Project open a new window for the youths of the GB to replicate some Chinese models in their own villages and regions in the field of agriculture, technologies and constructions. Furthermore, new research opportunities would flourish in the existing academic institutions in GB and telecommunication and infrastructure get improved in all the remote valleys of the GB.

of GB. The local people were of the view that, in near future GB will get its long desired constitutions right in Pakistan and will send their member to the national assembly and senate in the lower and upper houses in federal capital of Pakistan. The respondents demanded that there should be proper representation from GB in all committees working under CPEC project. The people of GB are very hopeful that they

would get maximum benefits from CPEC once politically stable and GB would be granted its political and constitutional rights.

4. Business and Energy Projects in GB

The major livelihood source of this area is agriculture and tourism industry. The entire region of GB is famous for its dry fruits, cherries, apples, apricots, peaches, pears and potatoes. Currently, these products are sold in Pakistani markets in extremely low returning profits. The CPEC connect GB with major cities of Pakistan like Peshawar, Rawalpindi and other cities of Punjab. Thousands tonnes of dry fruits are being transported to Pakistani cities from GB annually and if the infrastructures get improved under CPEC projects then, the GB Products get access to national and as well as international markets and generates huge revenue for the marginalized community of this area. The people of GB may also have better access to exports its dry fruits to China which may help in reducing trade deficit between Pakistan and China. Some of the respondents also highlight the unexplored minerals and gem stones industry of this area. The respondents are very hopeful to attract international investors towards the unexplored treasure of GB. And under CPEC project modern machineries will attract Chinese investors towards this sector. Thus, it will produce huge revenue for the provincial government; generate alternate income and job opportunities for local people.

GB is blessed with large water resources and the Diamer-Bhasha Dam along with other dams which are under construction or they are in completing phase. GB is having capacity of generating more than 30 thousand megawatts electricity and it not only provides electricity to nearby areas but can also exports electricity to Xiang Province of China. In this way the power sector generation will resolve the load shedding issues in Pakistan and will also save the forests in the GB and KP regions for the sustainable development and environment. By putting up new hydro power projects on river Indus, river Ghizer, River Skardu and Hunza, will generate thousands of jobs and resolve the unemployment issues in GB. These projects will improve the holistic development of the region including quality of life, income generation and make them productive citizens. In this way the infertile land of GB will get benefits and will change into a fertile agricultural land by having a proper canal system. Thus, under CPEC initiative, the development of GB depends upon the decision being made regarding the establishment of industrial zones, taking on board the interests of the GB leaderships and voice of the local people.

CONCLUSION

The project of CPEC economically targets the less developed areas and improves quality of life, decrease poverty ratios and reduce the income disparities. In this way, less developed and forgotten regions come under the road map of new era of holistic

development. Moreover, the project of CPEC brings huge positive change for both of the countries and would boost up new business opportunities by utilizing economical and environment friendly technologies. Both countries have decided to ensure peace in the region and promote tourism industry. Furthermore, the project of CPEC promotes trade of local goods, exploring mineral resources and help to solve the energy shortage in the GB. The youths of GB get golden opportunities to get more jobs and diversify their livelihood opportunities. The project of CPEC enhances the importance of Pakistan in international market and more countries are willing to build better economical relationships with Pakistan and China over their benefits from trades and linkage with Chinese markets.

According to the view of familiar people to CPEC project, it's a huge and long-term development project and it is also the golden age not only for Pakistan but also for China. This project opens the new horizon for Pakistani traders and it may also projectile the economy of the country. Let's hope for better GB and Pakistan through everlasting friendship of China and Pakistan. CPEC will bring these two states much closer and straitening their relationship in near further. A very few people had negative opinion about this project. For instance, every project had some negative as well as positive externalities for some reasons. For certain social groups, this project also has some drawbacks and they have suggested some policy recommendations.

Policy Recommendations

Considering the local people perceptions of GB about CPEC, the following policy recommendations are suggested:

- The political leadership of GB should be given proper representation in committees working under CPEC projects.
- The people of GB should be given appropriate share of each project under CPEC, for instance the energy projects, economic zones, up gradation and building up of roads and railway networks.
- The government of Pakistan should maintain law and order situation to attract Chinese and other foreign investors and tourist in GB.
- The government of Pakistan should also ensure the proper monitoring system to reduce the negative impacts and to ensure timely completion of the CPEC projects.
- The import of technologies under CPEC project to produce coal energy should be environment friendly and should be according to the international standards in order to reduce carbon emissions.
- Most importantly, the project of CPEC will not only be dependent upon the resource extraction of Periphery states, but ought to share the developmental outcomes of the CPEC projects equally.

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