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## Issue Brief

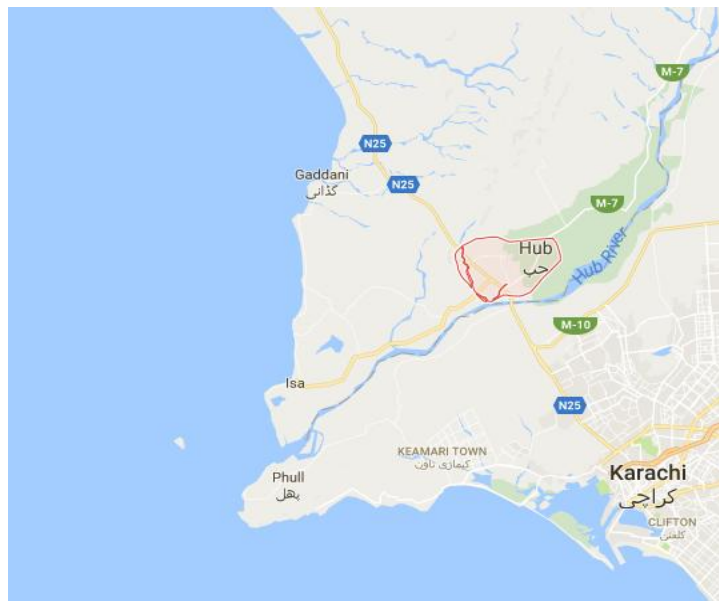
# CPEC Extends Further in Balochistan

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The China Pakistan Economic Corridor (CPEC) is progressing rapidly. On March 28, 2017, the ground-breaking ceremony of Hub Coal Power Project was held at Hub, Balochistan. It is one of the priority projects under CPEC and will be instrumental in addressing the challenge of electricity shortfall in the country. The project is being carried out by China's State Power Investment Corporation (SPIC) and Pakistan's largest Independent Power Producer (IPP), The Hub Power Company Ltd. It is expected to be completed in 2019 and will cost US \$2 billion.<sup>1</sup>

Hub is situated in Lasbela district of Balochistan and is only 30 km away from the commercial capital of the country, Karachi. Hub itself is an industrial city and its proximity to Karachi provides plenty of economic advantages. The project will be of great value for local businesses and it will also open up new opportunities for investors in Hub.



The 1320 MW power plant is the largest energy project initiated in Balochistan

under the CPEC. The plant is expected to boost economic activity and improve the livelihood of locals. The chairman of the Chinese enterprise building this project, Mr Wang Binghua, stated at the ceremony that millions of Pakistani families will benefit from this project. As per reports, the plant will hire about 10,000 local employees and will also serve larger public by providing cheaper and constant electricity.<sup>2</sup>

Mr. Wang also assured that the aim of the project is to support sustainable development in the country. In this regard, the developers are taking measures to make the plant efficient and environmentally friendly.<sup>3</sup> The supercritical technology-based plant will be more efficient and greener than the traditional coal power plants in the country. He added that, "I am confident to say that we are providing an excellent and responsible service to Pakistan since all of the equipment to be used in the project is top class globally."

The plant is expected to consume 3.8 million tonnes of coal each year. The coal that will be used in this power plant will be imported. As the project site is not far away from the sea, a jetty terminal is also planned to be constructed which will allow coal to be brought to the site directly from the sea.<sup>4</sup> This will reduce transportation cost and ensure smooth supply of the raw material.

In late 2016, the government of Pakistan decided to scale down the project to 660 MW as it wanted to reduce dependency on imported fuels. However, the government restored it to its original capacity after being convinced by the project developers that the plant will not be commercially viable at a low capacity.

The initiation of this project is another major step towards economic development of Balochistan and the country, and also signifies the potential of CPEC as a game changer. Few months ago the Sahiwal coal power project under CPEC became operational in the province of Punjab. These two plants will collectively produce 2640 MW of cheap electricity after becoming fully operational. This project also manifests that CPEC is indeed a national project whose benefits will well and truly reach the people of Balochistan in coming years.

#### Notes and References:

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- <sup>1</sup> <https://www.dawn.com/news/1323524/hub-power-plant-to-generate-10000-jobs-says-chinese-entrepreneur>
  - <sup>2</sup> Ibid.
  - <sup>3</sup> [http://www.chinadaily.com.cn/business/2017-03/24/content\\_28668726.htm](http://www.chinadaily.com.cn/business/2017-03/24/content_28668726.htm)
  - <sup>4</sup> <http://dailytimes.com.pk/business/21-Mar-17/groundbreaking-of-1320mw-power-plant-in-hub-today>