

# **Conflict in Balochistan: natural resources and the way forward**

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## **Abstract**

*Although the scholarly literature on Balochistan is somewhat limited, there are a number of arguments driving the Pakistani narrative of the Balochistan insurgency, from the role of tribal sardars in perpetuating the conflict to the neglect and mismanagement of Baloch grievances by the Pakistani state. This paper attempts to closely examine the role of natural resource-based grievances in driving the insurgency and derive policy solutions to address the conflict.*

## **Introduction**

Pakistan's southwestern province of Balochistan represents a paradox that is characteristic of similarly resource-rich regions and countries that suffer from low economic growth. It is the country's largest province in terms of land mass and possesses substantial natural resources, both tapped and untapped, but remains Pakistan's poorest and least developed province. It is also the site of an ongoing insurgency that has resulted in five major military operations; the first to annex the province in 1948 and later to combat uprisings in 1958, 1963, 1973 and 2005.

This paper focuses on the ongoing phase of insurgent violence in Balochistan, which began circa 2005. The Pakistani state's expropriation of Balochistan's significant natural resource wealth and its failure to harness this wealth to develop the province with Baloch participation has been the most persistent grievance of the Baloch and the main driver for the ongoing phase of the insurgency. The paper will examine how recent strides by the state have addressed these grievances and recommend Baloch participation in and ownership of development decisions as a critical policy recourse.

A brief historical overview will explore the five phases of insurgent violence that have broken out in Balochistan since 1947. The first section will examine how the current phase of insurgent violence, which is ongoing, was sparked by then President Pervez Musharraf's determination to pursue mega development projects in Balochistan while failing to involve Baloch leaders as stakeholders in

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the decision-making process. The next section will examine the theoretical basis for the relationship between natural resource wealth and civil conflict that is in several ways exemplified by the Balochistan conflict.

The paper also aims to explore Baloch grievances with a particular focus on natural resource exploitation by the state and how this has, in many ways, become the issue upon which the entire conflict pivots. Recent economic and political overtures by the government have proved critical in bridging the trust deficit between the Baloch and the state. The ultimate policy solution however is to involve Baloch leaders in decision-making regarding development projects in Balochistan.

## **History**

Despite a history of rebelling against the British, Baloch dissent in post-partition Pakistan began in 1948 when the former princely state of Kalat was forcibly annexed to Pakistan.<sup>1</sup> The Khan of Kalat declared independence on 15 August 1947 but acceded to Pakistan on 27 March 1948. However, the Khan's younger brother, Abdul Karim Khan, refused to recognize what he believed was a forced accession and launched a rebellion against the Pakistani state in May 1948.<sup>2</sup> Following a skirmish between the military and the rebels, Abdul Karim Khan was arrested in 1950 and sentenced to seven years in prison.

The next spate of rebellion began in 1958 but the seeds of unrest were sown in 1955 with the establishment of the One Unit system, whereby all four provinces of West Pakistan were merged into one administrative unit to offset the East Pakistan majority. The Baloch vocalized their concern regarding the scheme that they believed would curtail their autonomy. Subsequent unrest in Balochistan led to the imposition of the first martial law in 1958 as the army moved into Kalat and arrested Khan, along with other political leaders in the province.<sup>3</sup> Agitations over One Unit continued and in 1963 the Bugti, Marri and Mengal tribes rebelled thus leading to another brief uprising. When the Bugti tribe organized a resistance against the distribution of Baloch land to service members, the army carried out aerial bombings in response.<sup>4</sup> By the late 1960s, opposition over the lack of political participation and economic development had grown and carried over into the major insurgency that was to come in the 1970s.

Balochistan was granted the status of a province in 1970. By this time the government in Islamabad was essentially administering the province in a colonial manner, characterized by resource expropriation and non-existent development. Infrastructure, natural resource development and exploration was controlled by

the federal government, literacy rates were below the national average and Balochistan was only receiving about \$1.2 million in gas royalties, despite being the source of 80 percent of Pakistan's gas production.<sup>5</sup>

In February 1973, Prime Minister Zulfikar Ali Bhutto dismissed the Balochistan provincial government on the grounds of lawlessness, which led to an insurgency in the province that lasted until 1977.<sup>6</sup> Baloch rebels, including fighters from the Baloch Students Organization (BSO) and the Baloch People's Liberation Front (BPLF), launched guerrilla warfare against the Pakistan army's presence in Balochistan and by July 1974 the rebels were disrupting infrastructure and natural resource exploration in the province. The army was able to suppress the insurgency by 1974, its primary tactic being sheer military might and indiscriminate targeting of villages suspected of harboring insurgents.

President Zia ul Haq attempted to appease the Baloch by investing in infrastructure development, including roads and power grids. The Baloch nationalists also participated in the party-less elections held in 1985.<sup>7</sup> This trend continued between 1989 and 1999 when there was a lull in insurgent violence and the Baloch freely elected their political leaders.

The current phase of the insurgency began in 2005 but Baloch grievances had been intensifying for years. After President General Pervez Musharraf assumed power in 1999 he began to pursue mega development projects in Balochistan, particularly the Gwadar port project. The Baloch grievance pertaining to natural resource expropriation became central as the leaders believed that the projects were being initiated without their input and consent.

By 2000, as construction in Gwadar picked up pace and more army cantonments began to emerge in Balochistan, the Baloch Liberation Army (BLA) started carrying out bomb blasts and acts of sabotage against government institutions and energy infrastructure in the province. In June 2003, the army was deployed to Dera Bugti and the head of the Bugti tribe, Nawab Akbar Bugti, was pressurized to surrender.<sup>8</sup> However, in January 2005, the rape of a female doctor working at a hospital in Dera Bugti sparked off a full-blown insurgency. The accused was an army officer and while the Baloch demanded due process, Musharraf declared that the officer was innocent. By December 2005, insurgent activity including attacks on gas pipelines and a rocket attack on Musharraf's entourage escalated and the Pakistan army subsequently launched a military operation in Balochistan.<sup>9</sup> More than 10,000 troops were deployed to the province and Musharraf threatened the rebels, stating that they 'would not know what hit' them if they continued to 'push' the government.<sup>10</sup>

In August 2006, Nawab Akbar Bugti was killed in an army operation igniting further protests and unrest across Balochistan. Despite some political, economic and military overtures by the Pakistani state to try and address the grievances of the Baloch, the insurgency still continues today.

It must be noted that not all of the violent activity and unrest in Balochistan can be attributed to Baloch rebels. Sectarian violence, tribal rivalries, attacks on non-Baloch settlers and attacks conducted by Al Qaeda and the Taliban, particularly against NATO convoys, also characterize the current state of unrest that cripples the province. Sectarian violence in Balochistan has increased since 2009 as major sectarian groups such as the Sipah-e-Sahaba Pakistan (and their offshoot Lashkar-e-Jhangvi) as well as the Imamia Student Organization have expanded their operations.<sup>11</sup> In addition to these attacks, rebels consistently target the energy infrastructure and personnel working on the gas pipeline network that spreads across 27,000 km.<sup>12</sup>

This targeting of the energy infrastructure can be explained, in large part, by the theoretical literature on natural resource-based conflicts. In analyzing the conflict in Balochistan through the spectrum of resource-based grievances it is necessary to state one caveat at the outset. The natural resources extracted from Balochistan, particularly natural gas, are mostly meant for consumption within the country and not for export. The argument put forth in the literature is that dependence on primary commodity exports increases the likelihood of civil conflict. Although the argument about exports does not necessarily apply to Balochistan, an outflow of natural resources from Balochistan to the other provinces has been a constant source of contention.

### **Theoretical background**

Conflict theories have established a connection between natural resource wealth and civil conflict, in that natural resource wealth can lead to, intensify or sustain civil violence. This does not mean that natural resource dependence, as in the case of Pakistan's dependence on Balochistan's natural gas, makes conflict inevitable but it does increase the risk of civil conflict.<sup>13</sup> Natural resource wealth and the possibility of resource rents create the impression for dissatisfied subgroups that secession could be a viable or even profitable option by increasing the 'prize value' of capturing the territory or state.<sup>14</sup> Perhaps voicing this understanding, Baloch politician and former governor, Mir Ghaus Bizenjo famously claimed that Balochistan did not need Pakistan but Pakistan needed Balochistan.<sup>15</sup>

David and Gagne have outlined three analytic approaches to studying resource-based conflicts. The first focuses on environmental factors or the grievances that arise due to the increasing scarcity of renewable resources. The second emphasizes economic factors where the greed-focused, profit-maximizing motivations of individuals are the driving forces behind conflict. The third and final state-centric approach focuses on political factors and institutional weaknesses. Economic factors are particularly pertinent to this current analysis. Although the authors argue that economic factors are strongly associated with oil, they describe loot-seeking rebels' alluding to ethnic and religious marginalization, uneven distribution of wealth, government incompetence and lack of political rights in their political demands.<sup>16</sup> Baloch rebels state all of these grievances as justification for waging war against the Pakistani state.

Most importantly, if a certain subgroup (be it ethnic, political or religious) believes that it is not receiving its due share from the development of natural resources, political instability becomes more likely.<sup>17</sup> Rebel attacks on oil workers in Nigeria and on energy infrastructure and personnel in Balochistan are fitting examples of this scenario. If there is an energy infrastructure in place to extract and develop natural resources, rebels have both the opportunity and the incentive to attack such infrastructure to increase instability, exert political pressure on the state and lend more credence to their nationalist struggle.<sup>18</sup>

Moreover, any region's citizens expect a share of the wealth that is generated from natural resources extracted from their land. If the inhabitants of resource rich regions perceive themselves to be lagging behind (in terms of infrastructure and living standards) at the expense of regions or provinces that benefit from their resources, they are likely to become resentful.<sup>19</sup> Indeed, Baloch leaders have argued in the past that they will not support foreign development initiatives that extract resources from Balochistan for the benefit of Islamabad or Punjab.<sup>20</sup>

Scholars such as Collier have established that economic development is crucial in order to reduce the incidence of civil war.<sup>21</sup> In the case of Balochistan, the first steps towards this would involve effective natural resource revenue management and development projects that have social and economic benefits for local Baloch communities. From a political point of view, the state must give Baloch political leaders and the provincial government equal decision-making powers thereby making them active participants and stakeholders in the province's economic development.

The second solution from a policymaking perspective is effective natural resource management. Alao makes the point that the governance structure around the extraction and processing of resources and the management of resource revenues is what determines whether natural resources are a blessing or a curse.<sup>22</sup> In the case of Balochistan this would entail ensuring that natural resource revenues are trickling back into Balochistan not just in the form of royalties but also development funds.

## **Grievances**

There is no doubt that the Baloch insurgency, like any other insurgency, is complex and multifaceted. Baloch grievances against the Pakistani state range from political isolation, economic underdevelopment, continued military presence in the province and natural resource expropriation. Conversely, the state argues that the conflict is perpetuated by Baloch tribal sardars who shun the government's overtures to develop and integrate Balochistan in order to maintain their own grip on power.<sup>23</sup>

Balochistan is Pakistan's poorest province with 58 percent of the population living below the poverty line. At least 92 percent of Balochistan's districts have been classified as "high deprivation" areas, as opposed to 50 percent in Sindh and 29 percent in Punjab. The province also fares poorly in terms of development indicators for health, education, literacy, water and sanitation.<sup>24</sup> The paradox of resource wealth and economic deprivation is evident in the district of Dera Bugti, the location of Pakistan's largest gas field, which was ranked last out of ninety-one districts in the Human Development Index.<sup>25</sup>

### *Political exclusion*

Baloch claims about political isolation pertain to the exclusion of the provincial government from crucial decisions that affect Balochistan as well as the underrepresentation of the Baloch in the civil services, army and police, which tend to be dominated by Punjabis.<sup>26</sup> Often in the past, a non-Baloch leader installed by the federal government has headed the government of Balochistan.

### *Military force*

To date, the Pakistani state's primary counterinsurgency tactic has been brute military force. As examined, the Pakistan army has carried out five military operations in the province over six decades in various attempts to quell the

insurgency but with its propensity to yield the stick rather than the carrot in addressing the conflict, it has failed to strike at the root cause.

### *Demographic imbalance*

Of pressing concern is the fact that the Baloch are demographically outnumbered in their own province. Balochistan is ethnically and linguistically fragmented; although the Baloch are the largest ethnic group, they do not form the majority.<sup>27</sup> There has been no national census in Pakistan since 1998 but it is believed that the previously second-largest group in the province, the Pashtuns, may already outnumber the Baloch in Balochistan.<sup>28</sup> Meanwhile, the Gwadar port project led to a massive influx of migrant workers from other provinces and this fact, together with the migration of Pashtun-majority Afghan refugees to Balochistan's northern regions, has altered the demographic dynamics of the province. In fact, Baloch speakers are the majority in only four out of thirty districts, namely Kharan, Makran, Sibi and Shagai.<sup>29</sup>

### *Natural resource expropriation*

Finally, grievances about natural resource expropriation form the bedrock of Baloch resistance against the centralized Pakistani state, which they feel has been exploiting their resources in a pseudo-colonial manner.<sup>30</sup> The contentious relationship between the resource-dependent Baloch and the resource-extractive Pakistani state and the question of the allocation of Balochistan's natural resources is perhaps the most crucial piece of the Balochistan puzzle and has been continually articulated by Baloch leaders through the history of the conflict.

Any discussion about Balochistan's natural resource wealth must take into account not just the reserves of natural gas, oil and the mineral deposits but also its long coastline along the Arabian Sea. Moreover, the province's strategic location and the fact that it could be a transit route for potential gas pipelines from Iran and Turkmenistan increases its importance both to the Pakistani government, which is facing an energy crisis and seeks to tap into regional energy sources, and the Baloch rebels, who have further incentive to seek autonomy or in some cases, outright secession in order to gain control over the land and resources.<sup>31</sup>

Balochistan is home to major gas fields including Sui, Uch, Pirkoh, Loti (all of which are located in the conflict-ridden district of Dera Bugti) and Zarghun. These account for nearly 36 percent of Pakistan's total gas production. While the province consumes only about 17 percent, the majority of this gas production is

consumed by the rest of the country.<sup>32</sup> Balochistan also produces more than 40 percent of Pakistan's primary energy, consisting of coal, oil, natural gas and electricity. However, the rebels' sabotage of the energy infrastructure creates a hostile environment for exploration work and companies prefer instead to invest in exploration in Sindh. As a result, although the province is home to two-fifths of the original recoverable gas reserves, it only has one-tenth of exploratory wells.<sup>33</sup> Untapped natural reserves of oil and gas in Balochistan are estimated at 6 trillion barrels and 19 trillion cubic feet respectively.<sup>34</sup>

Balochistan is also rich in minerals such as copper, uranium, gold, coal, silver and platinum.<sup>35</sup> Over the past four years the province has earned close to Rs 2489 million from minerals and the provincial government has issued nine exploration and mining licenses.<sup>36</sup> A major project for copper exploration, known as Saindak, was originally given to China and had a skewed profit distribution ratio whereby China received 50 percent of the profits, the Pakistani government received 48 percent and Balochistan received only 2 percent (later revised to 5 percent).<sup>37</sup> Recently the provincial government requested that the project ownership be transferred to it; a request that, if implemented, would be a major step towards alleviating tensions.

Balochistan has a 760 kilometer-long coastline along the Arabian Sea and the development of a port in the former fishing village of Gwadar is a strategic imperative for Pakistan (and the port's investor China) for a number of reasons. Located only 250 miles from the Strait of Hormuz, Gwadar would provide landlocked Afghanistan and the Central Asian Republics with access to the Persian Gulf.<sup>38</sup> The Gulf also accounts for 60 percent of China's energy trade. China is also interested in developing Gwadar as a counterweight to Iran's Chabahar port, which India is partly financing.<sup>39</sup> Moreover, as far as Pakistan is concerned, Gwadar would provide strategic depth to the Pakistan Navy as an alternative to the naval base in Karachi, which is more vulnerable to potential Indian blockades.<sup>40</sup>

Baloch leaders have complained for decades about the allocation of their natural resources and seek primacy over their resources, coastline, land ownership and land use.<sup>41</sup> Not only did the center rebuff these claims repeatedly in the past but it also failed to harness Balochistan's resource wealth to develop the province. The most glaring example of resource exploitation was the fact that although gas was discovered at Sui in 1953, Quetta, the capital of Balochistan, did not receive gas until 1986 (more than two decades after cities such as Multan and Lahore in Punjab received their gas supply).<sup>42</sup>

Prior to the recent National Finance Commission (NFC) award, Baloch nationalists argued that the federal government owed Balochistan billions of rupees in royalties, at one point alleging that the federal government paid Balochistan one-fifth of the royalties it paid the other provinces, and that it charged a lower price for gas extracted from Balochistan than it does for gas produced in other provinces.<sup>43</sup> They also claimed that the government did not take Baloch leaders into confidence regarding mega development projects based in the province and that it strictly regulated the gas fields.<sup>44</sup>

Musharraf's aggressive pursuit of the Gwadar project not only reinforced these grievances in the eyes of Baloch nationalists but also spurred them to take action against the state. The process of developing energy sites began as early as 1999 and involved the development of military garrisons and cantonments to secure these sites.<sup>45</sup> The Baloch, who view the Pakistan army with deep suspicion due to the history of military operations in the province, saw these developments as encroachments and exploitation of their resources thus igniting the dormant insurgency.

Baloch leaders consistently maintained that they had not been consulted regarding the inception of the project. Moreover, in February 2007 the federal government granted a 40-year lease and 20-year tax exemption to the Port of Singapore Authority (PSA) without conferring with members of the provincial government.<sup>46</sup> Further agitating the Baloch, the government agreed to allow Baloch workers only a limited role in construction. Only one in six workers during the first phase of construction were Baloch, working on daily wages.<sup>47</sup> China, which provided the bulk of the nearly \$250 million cost of the project with a \$200 million soft loan, brought its own workers to Balochistan.<sup>48</sup> This prompted the ire of the insurgents and in a well-publicized attack that prompted Musharraf to ramp up security for workers, three Chinese engineers were killed by a car bomb in 2004.<sup>49</sup>

In response to repeated injustices, groups such as the Balochistan Liberation Army (BLA) have grown in strength; the BLA is estimated to have at least 3,000 fighters today.<sup>50</sup> Other major actors include the Baloch Republican Party, which opposes political dialogue; the Baloch Republican Army (BRA); and the Baloch Student Organization (BSO). Since 2004, the BLA, BRA and BLT have claimed responsibility for 222 civilian killings.<sup>51</sup> The BLA's operations, for instance, focus on resource-rich areas such as Gwadar, Khuzdar, Kohlu and Sui, where it targets government installations, security forces, gas pipelines and communications infrastructure.<sup>52</sup>

## **The narrative of the Pakistani state**

The Pakistani state's argument also merits consideration as it forms the narrative that has been used to justify the policy of military force that has been consistently used in Balochistan.

The province is politically fragmented with a unique tribal structure. The tribes are independent and tribal leaders, or sardars, exercise the crucial functions of justice, law enforcement, revenue raising, and control the property of their tribesmen.<sup>53</sup> When Pakistan enacted the Criminal Law Ordinance in 1968, ninety-five percent of Balochistan was declared under the influence of tribal law.<sup>54</sup> Tribal loyalty means loyalty to the sardar; a loyalty so strong that it can act as a barrier to accepting the Pakistani state as a legitimate and overarching political authority.<sup>55</sup>

Pakistani leaders, particularly Musharraf, consistently maintained that the sardars withheld development in Balochistan to prevent the empowerment of their people and maintain their own power. This claim certainly holds merit but it must be recognized that the political landscape of the sardars is complex; the sardars of the numerous tribes that exist in the province vary in their demands from the state, with some calling for more autonomy and others for outright secession. More importantly, despite a variation in demands, the state has long patronized a large number of these sardars.<sup>56</sup>

The state has also blamed foreign interference in Balochistan, namely from India and Afghanistan, as a major instigator of violence. There is certainly a precedent for Afghan support of Baloch insurgents; Afghanistan provided refuge as well as political and logistical support to rebels during the first three insurgencies and allowed them to establish camps on the Afghanistan-Pakistan border during the 1973 insurgency.<sup>57</sup>

On the other hand, Pakistan suspects India of aligning with Afghanistan to undermine its interests in the region, particularly to counterbalance the Pakistan-China alliance and China's involvement in developing Gwadar.<sup>58</sup> Moreover, while shifting power balances and strategic interests are certainly a reality in the region, the booming drugs and arms trafficking trade in the province cannot be discounted as a significant financial boon for the insurgency.<sup>59</sup>

## **Recent developments**

The previous government, led by the Pakistan People's Party (PPP) enacted a few prominent measures seeking to address Baloch grievances. President Zardari issued a formal apology to the people of Balochistan for past injustices and announced the Aghaz-e-Haqooq-e-Balochistan ('Beginning of the Rights of Balochistan') package. The 18<sup>th</sup> Amendment to the Constitution and the 7<sup>th</sup> NFC Award were also important milestones in bridging the trust deficit between the Pakistani state and the people of Balochistan. However, the extent to which these measures have had a tangible impact as far as implementation is concerned is debatable.

### *1. Aghaz-e-Haqooq-e-Balochistan*

Following a process of dialogue that was initiated in 2007, the Sub-Committee on Provincial Autonomy and the Parliamentary Committee on Balochistan published two reports in March and November 2007, respectively.<sup>60</sup> In 2009, the government presented a new package of reforms titled the 'Aghaz-e-Haqooq-e-Balochistan' (Beginning of the Rights of Balochistan).

The package of political and economic reforms encompassed issues such as the end of all military operations in Balochistan (except anti-terrorism strategies), judicial probes into the killings of Nawab Akbar Bugti and other Baloch leaders, the issue of missing persons, the creation of at least 5,000 jobs in Balochistan and steps to replace the army with the Frontier Constabulary (FC) at Sui.<sup>61</sup>

The package also called for the payment of outstanding gas royalties (between 1954 and 1991) amounting to Rs120 billion as well as the transfer of a share in the Saindak project to Balochistan.<sup>62</sup> Despite the fact that the reforms attempted to address the underlying issues of the conflict, concerns about its implementation have been paramount. A recent assessment committee found that Balochistan Assembly members were receiving Rs250 to Rs300 million without any monitoring or accountability.<sup>63</sup>

### *2. 7<sup>th</sup> National Finance Commission Award*

The 7th National Finance Commission (NFC) Award, signed at Gwadar on 30 December 2009, was an important step in granting more financial autonomy to the provinces and succeeded in addressing longstanding Baloch concerns about revenue share. The NFC award determines the annual distribution of financial resources among the four provinces. However, using population as the

sole distribution criteria, the award became the subject of much criticism.<sup>64</sup> This measure was particularly problematic in the case of Balochistan. Despite nearly 45 percent of the population living below the poverty line and its vast land area, Balochistan only received about five percent of the divisible pool resources due to its low population.<sup>65</sup>

The new distribution remedies this problem because it is based on other criteria in addition to population, including poverty (10.3%), revenue generation (5%) and area (2.7%).<sup>66</sup> Under the new NFC award, the overall provincial share of the divisible pool increased from 47.5 percent to 56 percent (and 57.5 percent after the first year), while Balochistan's share of financial resources almost doubled from 5.3 percent to 9.09 percent and Punjab's share declined from 57.88 percent to 51.74 percent.<sup>67</sup>

While the new award certainly signals the inflow of increased federal funds into Balochistan over the course of the ordained period, concerns about accountability and weak financial management remain.<sup>68</sup> The provincial government's inefficacy in dealing with revenues as well as the federal government's inability to meet revenue targets, are issues of concern.

The issue of royalties has also been a longstanding grievance on the part of the Baloch and has contributed to their sense of exploitation and alienation. Previously, Balochistan only received 12.4 percent of the royalties it was due.<sup>69</sup> Despite generating annual natural gas revenues of \$1.4 billion, the province was receiving only \$116 million in revenues from the federal government.<sup>70</sup>

### *3. Eighteenth Amendment*<sup>71</sup>

The Eighteenth Amendment to the Constitution of Pakistan was passed in April 2010, bringing the process of granting more autonomy to the provinces one step closer to fruition. Under the new amendment, subjects such as population, planning, electricity and tourism have been transferred to the provinces that are now responsible for raising funds to meet their expenditure needs but remain dependent on revenues received from the center.<sup>72</sup> It has also been made mandatory for the federal government to consult the provincial government regarding the construction of hydroelectric power plants and to ensure that the future revenue share of provincial governments is not less than the stipulated shares under the current NFC award.<sup>73</sup>

Furthermore, the amendment accords joint and equal rights over mineral and natural resources to the center and the province and stipulates that the province is

entitled to an equal share in the income generated from these resources.<sup>74</sup> However, the provincial governments are obligated to make laws, for example laws pertaining to oil and gas exploration, in order to facilitate the implementation of these provisions.<sup>75</sup>

Oil exploration in Balochistan is mainly carried out by Pakistan Petroleum Limited (PPL) and the Oil and Gas Development Company Limited (OGDCL), in which the government holds the majority of shares.<sup>76</sup> Meanwhile, gas distribution is carried out by two public limited companies: Sui Northern and Sui Southern Gas companies. In the past, Baloch leaders have called for increased Baloch ownership and employment in these companies and following the 18<sup>th</sup> Amendment there have even been calls by the Chief Minister to transfer the ownership of these companies in their entirety to Balochistan.<sup>77</sup>

### **Policy recommendations**

The aforementioned policy developments are positive steps taken by the federal government and indicate that the center is making efforts to address Baloch grievances. However, there is no doubt that to fully integrate Balochistan and create a long-term, sustainable solution to the conflict, the federal government must take concrete steps to ensure that final decisions about major development and infrastructure projects in Balochistan are undertaken by Baloch leaders. This will ensure that the Baloch become partners and owners in development initiatives in their own province.

Despite its mineral wealth, Balochistan has not been able to exploit mineral resources to generate economic growth. The next step after guaranteeing a secure investor climate so as to encourage private investment would be to ensure that the people benefit from such extractive activities; for example, by creating jobs for locals (and not importing labor from other provinces), providing job skills both directly in the industry and in ‘spin off’ industries, as well as assisting in local infrastructure and development needs.<sup>78</sup>

Among the promising potential mineral development projects is Reko Diq, a small town located in Balochistan’s Chagai district with estimated gold and copper reserves of 2.2 billion tons.<sup>79</sup> The government of Balochistan cancelled the existing exploration agreement with the Tethyan Copper Company (TCC), a joint venture of Canada’s Barrick Gold Corp and Chile’s Antofagasta Minerals, alleging that the TCC had violated the agreement. In a ruling issued in January 2013, the Supreme Court of Pakistan declared that the lease issued to the Tethyan Copper Company to mine Reko Diq’s gold and copper reserves was invalid.<sup>80</sup>

Thereafter, the government of Balochistan expressed its commitment to run the project and is expecting to earn annual profits of \$321 million from excavating raw material worth \$411 million.<sup>81</sup> The provincial government also hopes to prioritize recruiting local Baloch workers and establish project offices in Quetta as opposed to Islamabad.

As Jetly points out, merely directing development funds into Balochistan is not enough; this step was also taken by the Bhutto government with the belief that federal intervention would strengthen local provincial institutions and facilitate socioeconomic development.<sup>82</sup> However, the lesson learnt from this misconceived policy was that the representatives of Balochistan have to be involved in the decision-making process for the development project to be effective and be seen as legitimate by the people.

## **Conclusion**

In conclusion, the ongoing conflict in Balochistan finds its roots in natural resource-based grievances relating to resource exploitation and economic deprivation. Moreover, this perception was reinforced by the state's missteps in handling the Gwadar project, which was essentially the final nail in the coffin of decades of expropriation of Balochistan's resources by the state.

Recent attempts by the Pakistani state to address Baloch concerns about natural resources may indicate a possibility of abandoning a state-sponsored approach to resorting to military force in Balochistan.

However, as the analysis of the various other grievances underlying the conflict indicates, the Baloch insurgency is complex and one cannot reasonably posit that solving the natural resources equation will lead to the end of the insurgency altogether. From a policymaker's perspective, it is important to recognize that making Baloch leaders equal partners and decision-makers in critical issues about Balochistan's economic future will at least bridge the perennial trust deficit between the center and the province.

## **Notes & References**

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<sup>1</sup> Kalat, together with the princely states of Kharan, Makran and Las Bela, as well as the administrative unit of British Balochistan, comprised what is known as the province of Balochistan today.

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