



Distribution of Resource Revenues in Balochistan: A Gap in Pakistan's Policy Making

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Abstract

Since the discovery of oil and gas in Balochistan and Sindh, Punjab has remained the primary consumer. The gas reserves, that were found in 1952, reached the consumers of Baluchistan in 1986 in 14 urban townships. Other than natural gas and oil and mineral deposits, their exploration and extraction through foreign companies is raising eyebrows on the issue of the revenue distribution. This paper is based on the Master's thesis of the author, "Mismanagement of Natural Resources: Challenges to the stability of Pakistan and its implications of Foreign Direct Investment (2005-2017)". It discusses, why there is lack of consensus between the central government and Balochistan on the issue of minerals extraction and revenue distribution. It also addresses, how maladministration played a role in widening the gap between Balochistan and central government and it suggests measures to improve the situation.

Key Words: Natural Resources, Riko Diq, Saindak, Coal, Revenue, Conflict, Policy Gap

Introduction

The past few decades have witnessed that the areas laden with the lucrative natural resource are becoming prone to conflict. Several researches have been carried out revolving around this theme, pointing out, that is how scant resources are pushing the world to extract the much needed required energy for their economic engine to mitigate climate change pressures. With the advent of globalization, demand for the natural gas has increased. Pakistan, too, has been bestowed with abundant natural and shale gas reserves. By having a coastline of 990 Km along the provinces of Sindh and Balochistan, there is an abundance of natural resources present in the shape of minerals, gas and oil reserves. The Balochistan coastline is

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770 Km, and thus the share of its gas, oil and mineral deposits is far more significant than Sindh (Humshehri, 2017). However, pertinent to the issue of revenue distribution, several controversies have stirred the situation among the provincial and the federal government. For instance, unequal distribution of gas and oil production, supply and transmission abating to the province of Balochistan has created an environment of mistrust. Moreover, the revenues generated through these resources have also been divided in a way that it has further complicated the situation pertaining this issue around the state. For instance, in 1995, Balochistan was producing 56% of natural gas, amid injustices in revenue and supply, it has subsequently reduced its supply to 22.7%. The drop in this share occurred, the provincial government along with people of Balochistan felt deprived of their due rights. They started demanding an increase in the share of revenues. Consequently, to this drop, Balochistan also addresses its concerns that despite being the primary producer of gas, Balochistan hardly uses 5.81% of the total output (Humshehri, 2017).

Gas Reserves in Balochistan

The gas reserves were discovered in Pakistan in 1951 near Sui in the province of Balochistan. Its production started in 1956, to fulfil the energy needs of Pakistani households and corporate sector as well. Natural gas is a significant factor for Pakistan's economic profile for three reasons. First, almost 50% natural gas is used for energy consumption. In 2006, Pakistan had a net worth of 28 trillion cubic feet of gas reserves, among which 19 trillion cubic feet is present in Balochistan. Secondly, Balochistan is contributing 36-45% in the gas production of Pakistan. However, this amount significantly decreased in the following years. The main reason for this decline in share is the hostile activities of militants to sabotage the gas pipelines and infrastructures situated in Balochistan. Other than natural gas, Balochistan possesses 36% of natural resource, including copper, aluminum, oil, and gold (Sameer, Osama, Sameer, Azmat, & Nouman, 2016).

Sindh is also a significant contributor in providing gas to augment industrial and household needs of the state. In the National Assembly, Shahid Khaqan Abbasi announced about four main discoveries of oil and gas, in which two are present in Sindh and two in Khyber Pakhtunkhwa (Bhutta, 2016). Almost 50.1 million cubic feet per day mmcf of gas reserves and 2,359 of oil reserves are found in six wells of Sindh and KhyberPakhtunkhwa. However, availability of the gas transmission to Punjab is decreasing, as domestic users of Khyber Pakhtunkhwa and Sindh are paying 50% fewer bills as compared to Punjab. Therefore, Industrial and commercial consumers are accommodated by subsidizing needs of domestic users. After electricity, the gas load shedding too has enraged the masses of the country, which has spurred a wave of instability around the state. To cater the growing demand of gas in the country, the

government has been importing Liquefied Natural Gas (LNG), which has, in turn, burdened the Sui Northern Gas Pipelines Limited (SNGPL) finance department. As compared to Balochistan, the current contribution of Sindh in the overall gas production of Pakistan has increased over the years (Bhutta, 2016).

Sindh and Balochistan jointly produce about 94% of the total natural gas produced in the country. However, with this contribution, Balochistan has never been given fair opportunities in sharing its royalties and revenues, which has become a bone of contention among Balochistan and the central government. Moreover, Balochistan is the largest province of Pakistan regarding its territory. However, due to the lack of proper infrastructure and facilities, people are bent to find a livelihood in urban areas. Lack of education and poverty has simmered issue at such a scale where the people of Balochistan feel deprived of their due rights at the cost of providing gas and oil to Punjab.

This region makes up 4.5 % population of Pakistan and producing 35% of the total natural gas produced in the country. Instead of giving a fair share of revenues of gas, Balochistan is given royalties and share equivalent to Punjab. While as compared to Balochistan and Sindh, Punjab is producing only 4 % gas and utilizes about 45 % of the total gas production of the state. Despite producing gas at such a large scale and consuming a negligible portion has spurred a wave of dissatisfaction among the people of Balochistan. Moreover, the unfair distribution of revenue and resources has mainly contributed in aggravating the peace and stability in Balochistan. The attacks on gas Pipeline in 2005 enunciated the rage of the people of Balochistan towards Punjab and the central government of Pakistan (Sameer, Osama, Sameer, Azmat, & Nouman, 2016).

To understand the core issue brewing between Balochistan and the central government one needs to use a lens, which dates back to the 1950s. With the discovery of vast reserves of gas deposits in Balochistan at Sui, it was expected that Balochistan would be put ahead in the provision of an adequate supply of this natural resource. According to the Article 158 of the constitution of Pakistan, “*A province in which a wellhead of natural gas is situated, shall have precedence over other parts of Pakistan in meeting their requirements from that wellhead*” (The Constitution of the Islamic Republic of Pakistan, 1973). Contrary to this principle, Balochistan remained deprived of taking advantage of its resources for more than three decades after its production. For instance, in 1953 the gas transmission was initiated, and its distribution did not cover the areas of Balochistan. It was supplied to Multan and Rawalpindi, while Balochistan could only get a meager share of its supply in 1986. It is also widely believed in Balochistan, that gas transmission in the province increased and improved, once establishment arrived there to fight the insurgents. Ultimately the purpose was to fulfill the needs of the armed forces discussed by the Provincial Coordination Hanif Panezai (H. Panezai, personal communication, January 12, 2018). He further discussed that pipelines were laid down in Dera Bughti to carry out an operation against the insurgents. Before that,

this area had always remained out of the transmission of the gas supply. Economically, it is one of the most impoverished areas of Pakistan. Albeit, rich in natural resources, and a center of gas transmission and distribution, royalties received are hardly 12.4%. It is far less than what Punjab and other provinces are receiving in the name of revenues (Jaffrelot, 2014). Moreover, we all know that Balochistan is not fertile for agriculture. Its diverse terrain of mountains, plateaus, and plains provide it with a thin chance to harvest crops. It has to largely depend on the revenue generating from natural gas and minerals. Less development and infrastructure, lack of schools and medical facilities have just added to the dismal of Balochi people. Another hurdle is the biased attitude of center in giving Punjab an upper hand while appointing officers to senior positions for/in Balochistan. It hinders development of good relations between Baluchistan and the central government. Balochi people are mostly offered low skilled labor and oddjobs. The economic conditions of the inhabitants of this province, thus speak for their perpetual agony spread over more than seven decades (Karimzadeh, 2012).

Besides, it has been estimated that Balochistan gas reserves have started depleting since 2012, and there is a need for new extraction and deeper wells to augment the state's energy needs. According to the World Bank reports, Balochistan gas reserves estimates up to 19 trillion cubic feet and crude oil up to six trillion barrels. However, the idea of exploiting gas and oil reserves are hampered by the feudal lords of Balochistan. They are demanding the lion's share of revenues and along with that autonomy for the province of Balochistan to decide the matters about its financial affairs (Jaffrelot, 2014).

National Finance Commission (NFC)

To mitigate Balochistan's concerns over revenue distribution, the government of Pakistan made the National Finance Commission (NFC). The NFC is responsible for distributing resource revenues equitably among provinces. The federal government collects these revenues from the federal, provincial and the district areas. However, Balochistan shows their reservation over the NFC, as they believe that while distributing the revenue, Balochistan's development, geography, and demographic profile are not taken into account. This issue reached its zenith during the Musharraf era when a World Bank study revealed heart-wrenching facts regarding the NFC award. According to this report, the NFC commission itself is digesting almost 72% of revenues upon its functioning. A total of 28% expenditures is incurred over the functioning of the district and provincial governments, and only 7% revenue is distributed, and that too is done through a faulty and unfair way (Jaffrelot, 2014). These concerns are several times voiced by the Balochistan government in the provincial and the national assemblies, but that went unheeded. To the Baloch, the NFC is a fruitless effort to bring consensus among provinces of Pakistan over the issue of revenue distribution.

The ensuing crisis has engulfed the region in insurgency and civil war. The central government's lack of efficiency in developing consensus among the center and the government of Balochistan has spurred a wave of anti-Pakistan sentiments among the inhabitants of the province. One after the other, these jolts have raised suspicions and doubts among local people about the government and the central authorities for not granting their rights. In this scenario, Balochistan has speeded up its efforts for autonomy and complete control over its natural resources. The gas, minerals, and oil installations are susceptible to internal and external threats. International agreements signed between the provincial, central and the foreign bodies have also affected over the oscillating attitude of the influential bodies working against the development projects in Balochistan.

Consequences of Unfair Distribution of Revenues

Frequent sabotage attacks on the gas installations has worsened the law and order situation over the years owing to the gas load-shedding. The underlying issue in Balochistan is that the tribal lords play their cards, by using ordinary people as puppets to fulfill their political agendas. These people are enraged with Punjab and other provinces as they take up arms and cut the gas supply lines. Sadly, the Sui field, a source of 28 million cubic meters of gas per day, and which provides 45% of the national production is vulnerable to the insurgents' attacks. For instance, on 11 January 2015 supply to the northern region was completely abandoned after the militants targeted it. It took authorities more than a week to repair and make it functional again. As a result of these attacks, Pakistan bore the loss of almost USDUSD 0.3 million on its power generation system (Asif, 2011). Looking at the whole scenario, it depicts, lack of efficiency of our rulers as they are lagging behind in finding a solution to this perpetual issue. Conflict among the provinces is not a recent issue it dates back to the 1950's. The unfair distribution of Sui gas to Balochistan and other provinces has created unrest in the state.

According to a January 2006 report, "In different areas of Balochistan, an estimate of 843 violence cases were reported. Among them, there were 54 attacks on law enforcement agencies, 31 attacks on the gas pipelines and 417 rocket targets were recorded. Many attacks targeted mines as well. These attacks destroyed almost 291 mines and, other than that, there were countless cases of abduction. The same report also pinpointed the particular targets of terrorists/insurgents. According to them "in 2005-2006 energy sites in Balochistan had been blown. Before that, the target of insurgents was to cut off gas pipelines, but their targets are now shifting to gas production sites. Thus, aiming at the complete termination of gas production and its supply" (Wirsing, 2008).

Sania Shakeel, Manager at Governance and Policy Project in Balochistan, informed that amid a growing animosity in the minds of people of Balochistan, foreign agencies are playing an active role in installing and ensuing instability in

the state. For instance, the government of Balochistan is a paradox of tribal and feudal lords, which claim to represent the will of their people. She said that enraged tribal lords were also responsible for strengthening the hands of foreign agencies against Pakistan by accelerating hostile activities (Shakeel, personal communication, Dec 20, 2017). By knowing the fact that, Balochistan holds strategic importance in the region. The strings are in the hands of different stakeholders with their share of vested interest. It has become an epicenter for the insurgency. While analyzing its geographical proximity, Afghanistan and Iran situate in its West, India in its east and China is present in its far northeast. With these significant stakeholders and an abundance of natural resources is what makes it vital for the foreign interests (Terra, 2011).

China-Pakistan Economic Corridor

The government of Pakistan has signed 114 MOUs to initiate China Pakistan Economic Corridor (CPEC), Gwadar port of Balochistan is of immense importance in the whole project. The vitality of CPEC, Gwadar port for the future of Pakistan is unquestioned. Gwadar port is located 400 km from the strait of Hormuz, through which 40% of world oil passes (Anwar, 2013). However, sharing a long border with Afghanistan from the western side, it is seen as a significant stumbling block in the execution of this project. Since inception, there has been seen an increase in insurgency both within Balochistan and emanating from Afghanistan. Once operational, it is going to spring many fruits and advantages to the social, economic and politics of Pakistan.

However, in case of Gwadar port too, many incidents signal towards the government injustices to keep Balochistan underdeveloped. It is reported by the Gwadar officials, that thousands of acres of Gwadar land have been distributed among civil, military bureaucracy without paying sufficient amount to the landowner. The current vexing issue is to accommodate the 80% local fishermen of Gwadar port, who had been depending on for decades on Gwadar port for their livelihood, has now been abandoned to carry on this job.

Pakistan's Coastline and Economic Opportunities

The total coastline of Pakistan along the Arabian Sea is 990 Km, among which 770 coastal belt is present in Balochistan. This coastline extends from east of Iran border to the west of Arabian sea. It is a hub of multiple economic opportunities for the local people (Karimzadeh, 2012). Other than fisheries, boating is also a source of livelihood to them. Taking away vast areas of Gwadar, thus takes away these sources of earnings from them as well. According to an estimate, this coastal area has houses almost 60 species of fish, which is rare to find in many coastal areas of other states, and ten species of shrimp. It is a massive opportunity for the

locals and government of Pakistan to improve their fiscal accounts. It is one of the longest coastlines, providing Pakistan with abundant natural resources to take advantage economically and strategically. However, due to lack of road networks, this area to date is accounted amongst one of the most impoverished regions of the world. It has also proved a bottleneck for gas pipelines and oil transport to maneuver through roads from Balochistan to other provinces. With CPEC, the hopes are high that this area would not only develop, but will also become a milestone for earning billions of dollars for Pakistan (Karimzadeh, 2012).

Balochistan and International Pipelines

Moreover, Balochistan is also located at crossroads of Central Asia, South Asia, and the Middle East. It has potential to serve as a transit and trade route of gas pipelines. The Iran-Pakistan, India gas pipeline worth the US USD 4 billion also passes through Balochistan. It is approximately 3000 km and possesses the potential of 1.1 to 3.4 BCFD. Another project of Turkmenistan-Pakistan, consist of 1700 km and Qatar-Pakistan 1650 km also passes through Balochistan (Karimzadeh, 2012).

Coal Deposits

According to Pakistan Energy Yearbook 2015, Pakistan has 185 billion tons of coal deposits sufficient to generate electricity for the next 30 years. It makes Pakistan fifth largest coal deposit country in the world. Significant coal deposits are present in Thar district. It contains 850 trillion cubic feet, spanning over the area of 10,000 square kilometers. Surprisingly, Pakistan has more coal deposits than Saudi Arabia (Anwar Z., 2013).

Coal is a very cheap and inexpensive source for electricity generation. According to World Energy Statistics 2015, 40.6% of the world energy needs are being met through coal deposits. Many developed along with developing states like, Poland, India, China, UK, Turkey, Japan, Germany, Australia is generating more than 50% of their electricity through coal. Whereas, Pakistan is hardly producing 5.40% electricity through it. While having world's fifth-largest reserves of coal, Pakistan could not take benefit of its vast amount of cheap indigenous resources (Board, 2004). International Energy Agency (IEA) stressed Pakistan to bring reforms in their energy profile and instead of importing crude oil, utilize coal deposits for the electricity production. It is ascertained that coal reserves in Thar alone, can produce 100,000 MW electricity if utilized correctly. It would be sufficient for the next 30 years, at a very cheap rate of Rs 4. Other than Thar, coal deposits are also present in Sindh (184,623 million tons), Punjab (235 million tons), NWFP (91 million tons), AJK (9 million tons) and Balochistan (217 million tons). There is an immediate need to head start new mining projects to eradicate

the energy crisis from Pakistan. Amid lack of funds, state of the art mining technology and eloquent government attention to increasing electricity production, till date, Pakistan is entangled with the energy crisis (Board, 2004).

Saindak Gold Reserves

Balochistan is also home to copper, gold, and aluminum. According to reports, from 2009-2013, the provincial government earned 2489 million from these resources. They also issued nine more licenses to Dera Bugti at Sui and gas installations and infrastructure which supplies gas to Karachi. Mining and exploration licenses are also issued to the national and multinational corporation to increase the production levels. Unfortunately, until the discovery of copper reserves made in Saindak, the relations between the central government and provincial government never saw friction. However, with the discovery of Saindak reserves, their relations became strained as many controversies unveiled. According to reports, distribution of revenues among provincial and central government created an environment of mistrust between them. The unfair distribution led to the causation of worsening peace and stability situation in the province of Balochistan and the state, as the center assumes that Balochistan is mainly demanding lion share in revenues. The controversy began when the project was given to Chinese engineering firms/corporations with 50% profit. Wherever the share of profit for the Central government was 48% and 2% for the Balochistan (Tariq, 2013).

While discussing its history, the discovery of Saindak reserves of Gold and Copper were found at the site of Chaghi Balochistan in the 1970s. It contains, 412 million tones ore reserves, containing 0.5 gram of gold per ton and 1.5 gram of silver per ton. This project has the potential of producing 15,800 tons of blister copper, and 1.5 tons of gold. The silver production ranges up to 2.8 tons. The project started first time in 1975 with the collaboration of Chinese engineers. The Pakistan government and Chinese firms continue to extract copper and gold from Saindak until 1995 (Tariq, 2013). As aforesaid, Balochistan was given only 2% revenues of the whole project. Amid high production cost, the Benazir government closed this project, saying the international market price for copper is relatively low as compared to its production price. Nawaz government too remained uninterested in reviving this project. Many rationales were floated to support their action. However, it is substantial to understand, that government refrained from starting this project as it was owing to high cost, amid lack of the required infrastructure. The state bureaucracy profoundly opposed a proposed railway and highway track from Dalbadin to Saindak and from Saindak to Taftan. The establishment or the state agencies hampered any step towards infrastructure development of Balochistan. This biased attitude of the central government to keep Balochistan underdeveloped was looked with animosity by the people of

Balochistan. Later, in 2002, with the growing interest of China demanding the lion's share in the deposits of Saindak, a lease project of 10-years had been initiated. The share this time allocated to Balochistan was lower than the former share as at only 1%, 24% for the government of Pakistan and 75% to the China Metallurgical Company (MCC). The interest of Chinese corporations grew at unprecedented levels as their share in these reserves increased. Under the auspices of the government of Pakistan, this agreement was supposed to be concluded by 2012 (Baloch, 2013). However, the contract was renewed for five more years-till 2017- by the government of Pakistan. With the arrival of any investment, it was hoped by the locals, that there would bring job opportunities and development in the sector. China MCC announced that it had provided jobs to 1600 people and has contributed mostly in building schools and hospitals. However, all hopes turned into disappointed, when a significant amount of people were selected from China and other provinces of Pakistan for higher positions. During a survey from local people, it was revealed that Saindak project area, is a no-go area for Balochi people. The Chaghi district officials further confirmed that no money, gained from this project is utilized for the development of Balochistan. Current situation of Saindak reserves points out that, due to lack of proper monitoring and International laboratories, to estimate about the exact ratio of copper and gold reserves in the mines of Chaghi, Chinese has been given a free hand to ransack Saindak reserves as much as they can. Lack of shares in revenues, denial from the bureaucracy to build and develop infrastructure in Balochistan and the plundering of resources in a vast amount has assured the provincial government and natives that Balochistan reserves have been sold out at a very cheap rate to Chinese corporations and, Balochistan has no significant shares in it (Baloch, 2013).

Right now Pakistan needs to develop its technology required for exploitation of its resources, and moreover, our engineering institutes must produce active, skilled labor force to reduce dependency on the foreign experts. There must be check and balances while giving domestic resources to the multinational firms on the lease. Reko Diq and Saindak reserves are the prominent examples. Moreover, the revenues generating out of the exploitation of these resources must be distributed in a way which is acceptable for both provincial and central governments.

Reko Diq

Other than Saindak reserves, the tale of injustices entails the trillion U.S USD reserves of Reko diq. Reko diq means a sandy peak in Balochi language, which is also the name of a volcano. Most of the area of Reko Diq is volcanic. Reko diq is located at Chaghi, a nuclear fame site, in Balochistan. It is located at the north-west side of Balochistan, abet with Iran and Afghanistan border. The belt of Tethyan, stretching from Turkey, and Iran enters into the Chaghi desert area of

Pakistan. It is thinly populated, and its extreme weather conditions made it less populated and demobilized area for trade. It is densely populated with refugees coming from Afghanistan. The census estimated that there were 202,562 people in Chaghi district, amongst them 53,000 refugees which contributed to the total population in 1998. Its extreme weather conditions force people to move towards urban areas. For instance, in summers its temperature raises up to 40-50 degrees, whereas in winters the temperature drops down to 10-degree centigrade. The Tethyan Magmatic Arc extending from central and South-East Europe enters in Pakistan and from Himalayan mountains to Myanmar, Malaysia, Indonesia and Papua New Guinea. All along its belt, it has bestowed these states with several mineral deposits, which has now become a source of income for these states. For Pakistan, it possesses vast reserves of copper-gold reserves of various quality. Its large gold and copper reserves make it world's 5th most massive gold mine. According to Dr. Samar Mumbarakmand (member of Science and Technology, Planning Commission of Pakistan), the RekoDiq discovery is as old as 1978 (Akhtar, 2013).

The Reko Diq is a US USD 3.3 billion Mining project, in the north-east area of Balochistan. Through this project, a world-class copper-gold open pit mine will be built with a lifespan of 56 years. This project is first taken up by the Australian Company and estimated through its geological survey that, the mountains of Reko Diq possess almost 200,000 tons of copper. With the help of the Pakistan geological survey, teamed up with Australian mining company, they further disclosed its vitality for the economy of Pakistan, by unveiling that it has the production capacity of 250,000 ounces of gold. These two elements of high-value minerals require 1,10000 ore to be processed daily(Akhtar, 2013). Thus, this project requires high mining techniques, skilled staff and cutting-edge technology to process ore, originating from this area. Due to lack of required cutting-edge technology, Pakistan has to depend on foreign companies to exploit these resources.

Challenges and Recommendations for the government

The exploitation of Reko Diq reserves raises few concerns which need addressing at the state level. First, it should be exploited by the national companies to avoid the extra burden on the state finances, in case foreign companies are hired. It would also open avenues for the skilled national workers to use their expertise and help the state increase their expertise in the area of specialties linked with the complicated mining areas. However, this has proved void, with the broad and extensive geological research survey that, Pakistan is still behind to achieve such targets. Secondly, revenues which would be generated in future should give Balochistan an upper hand with the virtue of possessing these natural resources in this area(Akhtar, 2013). There is a hot debate going on in provincial and national

assemblies pertinent to the issue of distribution of resources of Reko Diq. Thirdly, in case Pakistan issue license for the exploitation of these natural resources must take into consideration that, foreign companies must not exploit these resources at a rate, which later becomes a burden on the national shoulder of Pakistan. It means that its exploitation rate of processing ore into gold and copper must be lower than its world market price to achieve the scale of economies. Fourthly, As, Tethyan Copper Company (TCC) is under debate for the issuance of the license of the lease in Chaghi district, must not extend to more than 5-10 years, or Pakistan would be vandalized with its own hands.

Till date, the government of Pakistan is showing its confidence on TCC for bringing fruits of wealth to Pakistan as it has the potential to bring skilled workers and cutting-edge technology, required for its exploitation.

The controversy simmered among TCC private limited, and Provincial government. According to TCC claims, an accord among TCC and the provincial government of Balochistan has signed, which states that TCC has issued a license for the exploration and mining of Reko Diq. Under the terms and conditions of this accord, TCC says that it would be bound to provide almost 110,000 jobs to local people, which involves both skilled and labor force. Addressing the concerns of Balochistan, TCC Chief Executive Officer Gerhard Von Boris said in a press conference that, TCC has submitted a report to government and waiting for its response. Other than this, to the conformity of provincial government of Balochistan, it has decided to select one member from Balochistan provincial government in the board of directors of TCC, he would also have access to the financial matters of the company. In this conference, he also highlighted that in a period of four years, TCC has invested US USD 450 million and had dig 300,000 meters in Chaghi district to attain a feasibility report upon an estimate copper-gold reserves. Mr. Boris further said, that more than 50 percent cash flow would go to federal and Balochistan government in the form of royalties, profits, and taxes. He also told that almost 11,500 jobs would be created, amongst them 2,500 jobs would be permanent, to facilitate the workers, a separate village will be set up (Akhtar, 2013).

Contrary to this story, Chairman Balochistan refutes the existence of any such accord signed between the provincial government and TCC. He said that no such document exists, in which they could ever think of selling Balochistan precious reserves at throwaway prices. TCC company has only been allowed through an accord to prepare a feasibility report to estimate the value of copper-gold reserves. The purpose of this accord was to allow its exploration and not mining. He said that RekoDiq reserves belong to Balochistan people and they are the owner of these reserves, and the provincial government will never compromise on the rights of their people (Dawn News, 2014).

The famous nuclear scientist, Dr. Samar Mumbarakmand, said that Pakistan has about 27 million dollar copper and gold reserver in North Waziristan. He also

indicated the presence of coal reserves, present underwater, which has the potential to produce 50,000-megawatt electricity. He alluded that if Pakistan natural resources are appropriately channelized, then Pakistan would be accounted among developed states hardly in two decades (Akhtar, 2013).

The Reko Diq controversy reached its climax when a divergence occurred between views of provincial and federal government authorities, pertinent to Reko Diq reserves. Chief Minister Nawab Aslam Raisani said that Balochistan has sufficient human and technical support to carry out this project and Pakistan must not, involve foreign companies to sell its resources. However, he also mentioned, lack of quality educational institutions, which should have produced skilfull, erudite human resources, has not made Pakistan dependent on foreign companies. There is a dire need to free the country from the claws of foreign companies, which then takes away large pieces of national revenues in the name of exploiting resources. This same is happening in the case of Reko Diq and Saindak reserves.

The lucrative gold-copper reserves are attracting international investors from Chile, Australia, China, Russia, and America. The surge in demand of acquiring leases and production licenses of Reko Diq reserves occurred, after the air of Pakistan's government's willingness to sell these million dollars reserves for negligible returns spread around the developed states. Observing the scenario of Saindak reserves, where Chinese government seemed to be rucksacks of Pakistan's national resources, Balochistan government is wary of Chinese interest in RekoDiq (The News, 2010). Other than this, TCC revised the proposal to raise funds amounting to US\$ 600 million to fund Balochistan's 25 percent share to make its contribution on equity. Another good thing, which has pulled Balochistan government to agree with TCC is that they are providing loans with no interest at the start of mining. Once mine development starts, the interest rate would be 2%, and it could be then accessible to bore for the provincial government to pay, once its production starts. Currently, this project is being funded by TCC, by raising funds, and the provincial government. Pakistan's central government has not invested in this program yet. About US USD 3.3 million is required to make this project a success story. Currently, TCC has taken up the responsibility to gather this amount and to provide easy loans to the provincial government (The News, 2010).

A renewed agreement had been signed in 2006, in which it is stated that, once production starts, Balochistan would start receiving dividends, and half amount of dividend then can be used to pay off loans. Moreover, they have agreed to pay the interest cost of about USD100-125 million. All these revised policies endorsed an environment of trust between provincial government and TCC (The News, 2010).

The other side of the picture, however, turned the story upside down. When the said project went into abeyance, as this issue was filed in Supreme Court, by the Doctor Samar Mumbarakmand proclaiming that, Pakistan can earn up to \$ 2 billion per year by taking up this project through its resources. According to Dr.

Samar Mumbarakand, chairman of the board of governor of RekoDiqproject, "if Pakistan has potential to develop nuclear weapons, then there should be no obstacles in developing mining technology and preparing skilled labor force necessary for this project." The point of view forwarded by the abettor of this case believes that mining technology is similar to uranium mining, and it would further help excavate many other precious minerals like zirconium and cobalt. Dr. Mumbarakand believes that Pakistan instead of giving its land to foreign companies on the lease must develop technology by subsidizing a portion of the budget to refrain any similar hurdles in the future. Another vexing issue which disturbs Pakistani scientists to hand over this project to foreign companies is, to send these materials abroad for processing. As, TCC is also looking forward to getting permission to send these materials abroad, and as their estimated value is still not confirmed, there is fear, that almost USD 104 million can be ransacked. They also challenged, that till date, the excavated copper reserves from Saindak reserves have not been utilized in Pakistan by the Chinese company and alike could happen in the RekoDiq case (Akhtar, 2013).

In rebuttal of these allegations, Dr. Zubair Khan informed the court, that TCC entered into this project when other foreign companies were denying to invest in Reko Diq, other than this, it is also giving a better average of profits to provincial and federal governments as compared to other foreign companies.

The on-going case of Reko Diq enunciates the two facets policies of the government and provincial authorities that to date no consensus has developed to further the progress of this project. Blame game from both sides has sent this project into abeyance. The security situation in Balochistan has also worsened over the last two decades to make the mining project more difficult for foreign countries. The advocates of TCC suggest that the embarkment of Reko Diq project is also essential for the infrastructure development of Balochistan. The TCC is aiming to build villages and medical facilities for the natives. They are also looking forward to equipping local people with technology. However, when SC asked about if TCC is going to transfer mining technology or industry in Pakistan, Dr. Zubair replied in negative.

It has also been cleared during the court proceedings by the advisor of TCC, that a wrong impression had been floated regarding the amount of gold and copper present in Reko Diq. It is utterly absurd to assume that TCC or any other foreign company is exporting bricks of gold or copper outside Pakistan. The amount of gold or copper to be extracted out of tons of ores, he added, might be so minute, to become a cause of plundering resources for foreign firms.

Now the current development of this project is mirrored in its suspension for a considerable period. First, some provincial government officials refuted this project, the Supreme Court issued a stay on it, and now this issue has politicized at a scale where political parties are cashing their interests on it.

Conclusion

Pakistan is one of the few countries which has been bestowed with vibrant and vital indigenous resources, which are essential for the economic growth. To highlight issues pertinent to mismanagement is to point out policy gaps which have the economic growth of the country in uniformity. Currently, Pakistan is facing multifaceted challenges. First, it has indigenous resources, but lack vision and state of the art technology to exploit its resources has left Pakistan far behind from the developing states. Balochistan indigenous resources, whether it be oil, gas, Saindak or Reko diq reserves demands a well chalked out policy from the government authorities. Currently, the ongoing crisis in Balochistan does have indirect, if not direct roots with the issue of unfair distribution of revenues and resources. By giving a fair share in revenues and resources would not only contribute in reducing the tensions between central and provincial government, but it will also help in bringing growth and development in Balochistan which would curtail heinous aims of insurgency in this part of the state.

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