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The China-Pakistan Economic Corridor (CPEC), as part of the much larger Belt and Road Initiative (BRI), undertaken by China, as a show of the geostrategic relationship with Pakistan will pass through the region of Gilgit-Baltistan, Pakistan. So far, economically, the region has benefitted due to infrastructure investments, foreign direct investments, and establishment of special economic zones. As a result, it has resulted in creation of jobs and improvements in the living standards of the locals. It has created an economic boom in one of the remotest areas of Pakistan. However, ever since the initiation of CPEC in November 2014, the environmental cost to already vulnerable region of Gilgit-Baltistan has largely been overlooked by the stakeholders. It is expected that other than local population, micro, small and medium
enterprises (SMEDAs) which are engaged in a range of sectors such as hospitality and tourism, transportation and extraction of precious stones will also be affected by the expected damage to the environment.

The primary purpose of the research was to study the environmental impact of such initiative on the local population and economy. During the process, economic, social, cultural and political factors associated with CPEC were also analyzed and thoroughly researched. The secondary purpose was to gain insights into the response of on micro, small and medium enterprises (SMEDAs) to CPEC and if, as a result, they are inclined to pursue environmentally sustainable economic growth.

This research project was conducted by a team from the support of The Center for International Environment and Resource Policy (CIERP) based at the Fletcher School of Law and Diplomacy and research assistants from Lahore University of Management Sciences (LUMS).
Karimabad, Hunza, Gilgit-Baltistan

Research Methodology

Four research scholars (Ahmed Hussain, Mustafa Rehman, Minahil Khawaja & Sheraz Ahmed) under Principal Investigator Mr. Uzair Akram Sheikh, who is graduate student with focus on Development Economics at the Fletcher School, after extensive back-end academic research of around three months identified different variables. Infrastructure development, the sustainability of commercial practices, choice of fuel, sentiments of the locals, entrepreneurial mindset workforce, adequate marketing, and branding skills, standardization of goods, and impact of the China-Pakistan Economic Corridor (CPEC) along with the availability of latest technology services among others were closely examined. The team did extensive fieldwork in the Northern Areas of Pakistan particularly Gilgit City, Hunza & Karimabad.
Thirty-four enterprises were studied and analyzed in the locations targeted that were NLI Market in Gilgit City and Karimabad Market in Hunza that lies on the bifurcation of Nagar and Hunza region. These comprised of different sectors through N-1 sampling technique. This technique was intentionally...
employed due to the sample size as it was small, and this had to represent the population as multiple sectors were being targeted at the same time.

The research, as per its aim to not only include a variety of factors but to also understand how CPEC was impacting business activities and the responses of such businesses to environmental challenges in the Northern Areas, encompassed the areas of tourism and hospitality in particular, with a strong focus on enterprises that were involved in selling souvenirs, handicrafts, precious stones, wood items and certain items such as shawls, caps and stone rings. This added depth to the research since the shopkeepers involved had a comprehensive understanding of the connection on the economic aspect and overall impact of tourist activity on the region.

**Findings**

Based on the analysis in Gilgit City and Hunza (Karimabad), it can be concluded that despite being perceived as an economic benefit, there were concerns with regards to CPEC. The primary reservation being the massive influx of tourism and overcrowding of the region especially Karimabad. Such tourist
hotspots previously were disconnected from the rest of the country for at least half of the year. But under CPEC, the upgradation of Karakoram Highway (KKH) and other infrastructure development has opened the region for tourists and cargo to visit and pass ten months a year.

One of the local shop-owners reported to have commented on the business of the city during the months of May-August.

“There is a waiting time of at least a month to get a room during the peak seasons if there is no booking beforehand. The streets get so crowded that you don’t have a place to stand. No car can move through the main road.”

However, even with such a high influx of tourists the team observed that the streets and the roads were extremely clean. There was a trash-bin outside most of the shops in the city. The locals confirmed our conjecture by stating that the community paid special attention to the process of waste disposal. The process started with the shop-owner who directed his/her customers to throw the trash in a dustbin outside their shop, just like the owner to the waste collection done every other day by the local government’s trash collection cars. In addition to this, most locals volunteered to clean the roads of the city once a week. While most of the volunteers were women, their male counterparts also helped in the cleanliness campaigns. Apart from the adults, the scout’s program for the children was especially popular in the region which inculcated road cleaning and trash clearance as a part of its program. The community came together and made a collaborative effort to keep the city clean. While the collaborative effort was somewhat absent in Gilgit City, businessmen in the markets did mention that the local government performed most of the trash collection from the residential and commercial areas. The roads were not as clean as Hunza/Karimabad even though it is mostly just a stop-over for tourists routing to different areas.
From the series of analysis, we conducted during the field-visits it was quite evident that the locals had serious reservations relating to infrastructure development. Some of them cited concerns based on the damage to the environment. This was a more commonly stated reason of worry for the locals of Hunza as opposed to the locals of Gilgit City, primarily due to the high awareness relating to environment and literacy rates in Hunza/Karimabad.

Another local hotel manager is reported to have said:

“The reason we have managed to keep Hunza clean till today is because most of our tourists are students from reputed universities and foreigners who place high emphasis on waste disposal and try towards not littering the city. They hold their trash in their hand if they don’t see a bin, and then dispose it off properly. However, whenever people come from Punjab, especially with their families they throw their trash on the street. Now, that the number of families are so scarce we manage to clean the streets when they litter- imagine if there are hundreds of them coming in every week. There will be no Hunza left. They will take the beauty of our place away.”

Another major cause quoted by the locals was the deforestation around the suburbs for the construction of novel hotels and resorts. As per our research, an increase in the number of the tourists coming in every year will lead an increase in the number of private investors erecting hotels, inns, guest houses and resorts to accommodate those visitors. This will eventually lead to massive deforestation in the region for construction purpose. When these participants were probed further about the basis of apprehension regarding the cut-down of trees, majority of them claimed it would take away the aesthetic of the place.

An overwhelming majority was aware of the harm to ozone layer by cutting down of trees.

Unless the government Pakistan addresses the environmental impact of CPEC on the local environment, there will be serious environmental consequences not only for Gilgit-Baltistan region but also for Northern Areas of Pakistan.
Fulfillment of a career goal

I am thankful to CIERP for funding my research as I am focused towards Economic Development and evidence-based policy making. Academic and professional growth aside, the project supported by CIERP has proven to be a milestone for my personal growth as well. Travelling towards Northern Areas near the border of China, planning for lodging and transportation, interacting with locals, dealing with landslides and leading a team of four researchers are now part of my experiential learning and toolkit.

CIERP and LUMS Research Team (From Left to Right) : Minahil Khawaja, RA, LUMS, Mustafa Rehman, RA, LUMS, Mohammad Uzair Akram, PI, Fletcher School, Sheraz Ahmed, RA, LUMS, Ahmad Naqvi, LUMS.