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Flag of the Balochistan Liberation Army
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Insufficient Energy Technology in Pakistan

A Conversation with Michael Kugelman

Interviewed by Arthur Sanders Montandon

Fletcher Security Review: Pakistan's energy infrastructure is notoriously problematic. In your 2015 essay "Easing an Energy Crisis That Won't End," you wrote that China's recent investment of USD 35 billion in energy projects in Pakistan will not be enough to solve the country's chronic issues such as recurring power outages, inefficient infrastructure-induced debt, and wasteful transmission and distribution mechanisms that waste up to 20 percent of the energy produced in the country. You pointed out that the root cause of this is not only insufficient energy supply, but bad governance. Non-state armed groups, such as the Pakistani Taliban in April 2013 and Balochi insurgents in January 2015, have targeted Pakistan's energy installations to further deteriorate the government's ability to provide basic goods to its population.

Since the essay was published, what has been the Pakistani government's energy policy and how do you evaluate it? What are the effects of Pakistan's energy crisis on the country's stability and security environment?

Michael Kugelman: The Pakistani government, which has been on the defensive for several years due to anti-government protests and corruption allegations, deserves some credit here. The ruling Pakistan Muslim League Party-Nawaz (PML-N) was swept into power in 2013 with a mandate to fix an energy crisis that had become so acute that you had power outages of up to 15 hours a day in some areas in the summer months. The crisis had major negative impacts — such as electricity-less factories having to shut down and lay off their employees — on the economy. Today, the energy crisis is still there, but it has eased at least modestly. The daily outages are not as long, and perhaps most importantly the debt within the energy sector — which had ballooned to several billion dollars at one point several years ago — has been reduced after the government acquired money from commercial banks to finance the debt.

The verdict is split, however, on why Pakistan has arrived at this better point. The government and its supporters will point to effective policy — such as adding

Mangla Dam, Pakistan. United States Ambassador pledges new support to alleviate the energy crisis

more electricity to the grid through a series of newly inaugurated power plants. Detractors, however, will suggest that external factors — like cheaper global oil prices and robust flows of remittances into Pakistan— have been more responsible for helping ease the crisis. Ultimately, the truth may be somewhere in between. The bottom line, however, is that the root causes of the energy crisis remain entrenched. These include poorly functioning infrastructure that lead to transmission and distribution losses in excess of 20 percent, distorted pricing regimes that result in people not paying their energy bills and not getting penalized for it, and above all institutional dysfunction that involves too many ineffective government agencies being saddled with energy-related responsibilities. It's just a matter of time before the energy crisis flares up in a big way once again.

In a volatile country like Pakistan, energy insecurity can have troubling implications for stability. On small-scale levels, this can include violent protests in cities when the power goes out on very hot days. On broader levels, militants can try to exploit energy vulnerabilities. As you note, two prime sources of anti-state violence — Islamist militants and separatist insurgents — have frequently attacked power grids, knowing that taking out a single grid station can plunge large parts of the country into darkness. The good news is we haven't seen these types of attacks as frequently since 2015. A big reason for that is the effectiveness of a Pakistani military counterterrorism offensive against anti-state terror groups, particularly the Pakistani Taliban, which was launched in 2014.

Still, a low-grade separatist insurgency continues to fester in Baluchistan, and separatists will continue to target energy infrastructure when they sense good opportunities. The Baluchistan insurgency is in itself a strong case study of the tight links between energy insecurity and instability. The insurgency is fueled, in great part, by what locals perceive to be the inequitable exploitation of Baluchistan's abundant natural gas riches. The Baluch accuse the state, often with the connivance of private companies, of extracting natural gas without ensuring that sufficient amounts remain for local use. It's a very similar dynamic to the Naxalite insurgency in India, where communities in eastern India — mainly Chhattisgarh state — accuse the government of preying on coal resources while ignoring the needs of local residents.

A similar dynamic could well play out in Pakistan in the coming years. In the southern province of Sindh, 175 billion tons of coal reserves lie untouched. For years, Pakistan has tried to figure out how to extract them, but it's lacked the right technology. Now, with China investing deeply in Pakistan as part of its China-Pa-

Hindu Sena members hold a Free Balochistan demonstration against Pakistan (DharmaOrg / Public Domain)

Gwadar, Pakistan. The central port city of the CPEC project (umairadeeb / CC BY 4.0)

kistan Economic Corridor (CPEC) project, Beijing is trying to help Pakistan reach those coal riches. This may not sit well in Thar, a poor, bone-dry region in a province that houses small networks of Sindh nationalists, some of whom advocate separation from Pakistan. I'm not saying we could see a Baluchistan-like insurgency — separatist sentiment in Sindh pales in comparison to Baluchistan — but if Pakistan, with China's help, were to start moving on the Thar coal riches, there could certainly be a rise in tensions within local communities.

FSR: If billionaire investments do not suffice to solve the energy crisis, how can the international community, and particularly the United States, assist Pakistan to improve its energy problem?

MK: There are certainly measures that the international donor community can take, but ultimately they can only be tactical and not long-term fixes. Above all, international support can — as it has in the past — help pay for critical repairs to old and poorly maintained energy infrastructure. This can go a long way toward decreasing Pakistan's supply-demand gap by reducing line losses and making the generation, transmission, and distribution sides more efficient. But at the end of the day, I'd argue that only Pakistan can address its energy problems in a lasting, meaningful way. It will need to bring more order to the institutional aspects of the energy sector so that you don't have so many different energy-focused entities working at cross purposes. In an ideal world, you'd establish a central energy ministry — which Pakistan has never had — to oversee policy and management. Pakistan will also need to achieve a less expensive, more diverse energy mix, so that it doesn't overly rely on pricey hydrocarbon imports from the Middle East, as it does today.

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