

Depleted railroads weaken Pakistan's participation in Eurasian Land-Bridge

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One of the key elements to the future success of the southern leg of the Eurasian Land-Bridge, which would link Singapore to Iran and beyond through the Indian subcontinent, is Pakistan's railroads. Consecutive administrations in Islamabad, however, have virtually trashed the railroads and seem to be hell-bent on destroying a major future developmental potential for Pakistan.

It is surprising, that at a time when Asian nations, China and Iran in particular, are expanding and modernizing their railroads to enhance their trade with developed nations in Europe, and to open up the Central Asian nations for development, Pakistan, an oil-importing nation, has instead decided to invest in motorways to link its major cities. For Pakistan, a nation full of poor and illiterate people, adoption of such a policy is not only bizarre, but also highly dangerous.

It is not difficult to see what has gone wrong with Pakistan and why this error has made the overall situation worse and the country ungovernable. During the 50 years since Pakistan came into being as an independent nation, a handful of Pakistani elite have adopted policies that led to greater disparity within the population. This eventually produced social chaos, and brought about Pakistan's dependence on foreign countries, particularly economically. As a result, Pakistan's economic and financial policies are now virtually dictated by the Washington Consensus—an unholy alliance of the International Monetary Fund-World Bank, Wall Street, and the U.S. State Department; illiteracy continues to rise; violence within the country has reached a dangerous level; more people are now under the poverty line than 30 years ago; and a large number of the country's institutions have been fully criminalized.

Anti-poor policies

On-the-ground realities indicate that Pakistan, once a wheat-surplus nation, is steadily becoming a net importer of wheat, because Islamabad over the years did precious little to enhance water supply to the farmlands, and thus became more and more dependent on rainfall. Pakistan's railroads, built by the colonial British to ferry soldiers from the Gangetic plains to Afghanistan to guard the difficult terrain around the Khyber

Pass, has turned into a heap of junk, and are now ready to be sold off to private operators for a song. When a senior official of Pakistan Railways was asked recently who runs the railroads, he replied: "Allah is running Pakistan Railways."

If Allah is credited, or blamed, for running a railway system in which nothing much functions, Prime Minister Nawaz Sharif seems not the least concerned. He is busy gloating over his success in building high-capital-cost toll highways of international standard. It is another matter that, in a country where more than 80% of its 120 million people cannot afford a car, the highways are of dubious value in enhancing mobility and trade. Whereas billions of dollars of this poor country have been plowed into the highway projects connecting some of the major cities of Pakistan, the railroads have been deprived of funding and allowed to die.

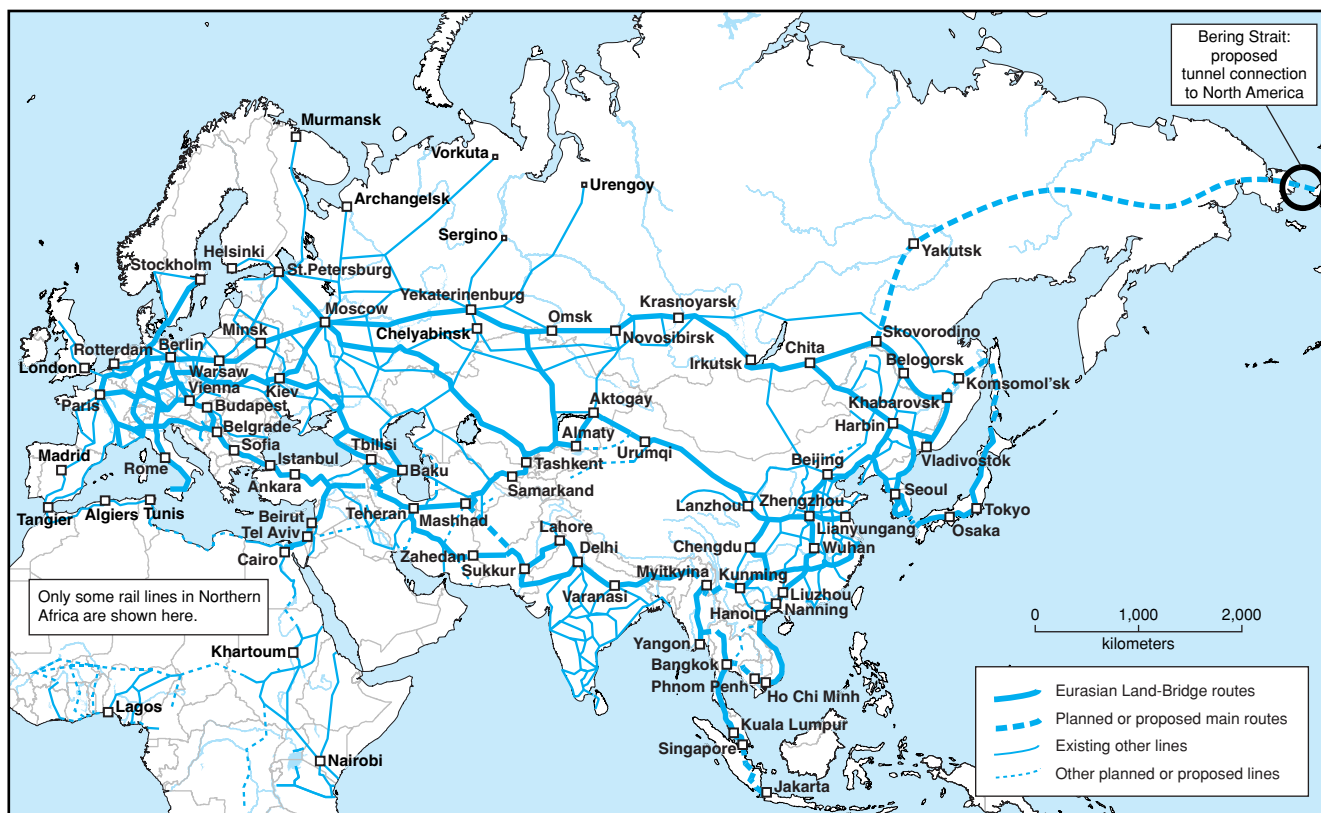
Pakistan has a total of 8,163 kilometers of railroads, of which 7,718 km is broad gauge (1.676 meter) and about 1,040 km double-tracked. A very small stretch (293 km) of broad gauge is electrified. Pakistan Railways also has 445 km of meter-gauge line. In contrast, the country has 228,206 km of multi-lane roadways.

Most of Pakistan's railroads were built between 1900-20, during British rule. While the railroads in the province of Punjab, and those connecting Punjab to the cities of Sindh, were broad gauge, the narrow-gauge railroads were built by the British Raj to facilitate troop movement to military cantonments on the borders of the North West Frontier Province (N.W.F.P.) and Baluchistan with Afghanistan.

At the time that the subcontinent was partitioned in 1947, both the railroads and the agriculture on the Pakistan side were considered superior to what existed in India. The balance began to shift in favor of the Indian side of the Punjab in the early 1960s, when Pakistan went for provincialization of Pakistan Railways, which at the time was making substantial profit. By 1980, Pakistan Railways had lost its profitability and had become a political football. Every railway project was opposed by Pakistani bureaucrats already under the influence of the budget-cutting International Monetary Fund officials. Politicians, on the other hand, blustered to keep up their facade of helping the poor, while in reality, allowing

FIGURE 1

Eurasia: main routes and selected secondary routes of the Eurasian Land-Bridge



themselves to be dragged along by their nose by the IMF-influenced bureaucrats.

Trashing the railroads

In 1985, Pakistan's then-Finance Minister, who was also an international bureaucrat, obviously influenced by the World Bank, suggested that Pakistan Railways should draw up its own budget. He also stated that Pakistan Railways must try to find ways and means to raise funds and not depend on government subsidy. The honorable minister pointed out, as did the IMF, that such action would reduce the country's recurring annual revenue deficit. Railway authorities countered that the railroad is basically a public utility service, which is known to incur loss, because it provides a vital service to the people in general, in order to enhance mobility of goods and people and generate new income.

The policy, however, led to a dual failure. Having curbed its growth potential by trashing the existing physical infrastructure, Pakistan walked into a long-term debt trap, and Pakistan's railways became moribund, ready to be sold off as scrap.

It has been pointed out by many observant Pakistani columnists that the neglect of the country's railroads began to

show up in the 1960s. Since 1960, the Railway's share in freight traffic has declined drastically, from 57% in 1960-61 to 49% in 1971-72; it dropped to 26.6% in 1985, and is less than 20% now. By allowing investment to be directed into the highways, and by taking a conscious decision not to modernize and expand the railroads, Islamabad put the final nails in Pakistan Railways' coffin. Whatever is left of the railways after such a myopic approach is a pitiable sight and, naturally, immensely unprofitable. Predictably, in the 1990s, many appeared on the scene in Pakistan demanding that the loss-making railroads be privatized and that unprofitable routes be shut down.

Islamabad has now set up a Railways Regulatory Authority (RRA) in order to privatize the entire rail network. Besides preparing the groundwork for setting up RRA, the Privatization Commission is also working on the corporatization of Pakistan Railways. The commission has hired two foreign firms, Hiklings of Canada and CIE Consult of Ireland, to work out the necessary modalities. Islamabad had planned to fully divest Pakistan Railways by the end of 1998.

Despite a distinct anti-railroads (read: anti-poor and anti-development) bias that has influenced the decisions of consecutive governments, the fact remains that a locomotive

FIGURE 2

Proposed upgrades to Pakistan's rail system



carrying a 2,000-ton payload in Pakistan today does not cost more than \$2 million. By contrast, a road vehicle capable of hauling only a 20-ton payload costs at least \$80,000; that amounts to a road-to-rail capital-cost-ratio of 4:1 for the same hauling capacity. Moreover, Pakistan is an oil-importing nation. It shells out every year close to \$2 billion for crude oil. In choosing to carry bulk material by road, and to abandon railroads, the government is raising the import cost higher. Pakistan has little in foreign exchange reserves to take care of its necessary imports, and a large foreign debt which is growing by the hour. It will be again “up to Allah” to see how Pakistan copes with things if, and when, the oil price shoots up once more.

In addition, those who promote highways over the railroads as a more appropriate means of carrying bulk material in Pakistan will soon find out that the tolls raised by the newly built motorways may not be even 50% of what has been projected. This will mean that a new set of subsidies will have to be worked out to keep the private entrepreneurs interested in the job, or else the toll collectors will walk away, leaving the highways toll free.

Requirements for a national transport system

The coming century, as China and Russia have clearly indicated, will depend heavily on what the nations of East Asia, South Asia, Southeast Asia, Central Asia, the Middle East, and Russia, can do to exploit the growth potential that exists in the form of manpower and resources in this vast area. The Eurasian Land-Bridge, connecting the southern- and eastern-most parts of Asia to Europe, opens up the possibility over a long period of time of a new and abundant growth phase (**Figure 1**).

However, the Eurasian Land-Bridge will never be built unless its full potential is clearly understood. Pakistan’s ally China has already grasped the fact that rail transport must play the central role in the development of the Eurasian infrastructure corridors. For freight transport between fixed points, rail transport requires much less energy and less labor per ton-kilometer and value-ton-kilometer transported, than transport by truck. The railroad carries more bulk and moves at a much higher speed than trucks.

The following observations, therefore, are natural (see **Figure 2**):

- For freight transport between Sindh-Rajasthan (India) borders and the Baluchistan-Iran borders—a distance of almost 950 km as the crow flies—a high-speed railroad of 150 km per hour is required. Passenger traffic shall have rail transport at 300 km per hour, comparable to the French TGV. This will require computerization and advanced electronic signalling.

This east-west corridor will pass through such major towns as Karachi, Hyderabad, Mirpur Khas, Nawabshah, Sukkur, Shikarpur, Jacobabad, Sibi, Quetta to Qila Safed,

near Fort Sandak.

This corridor will help develop trade with India as well, feeding into India’s major industrialized provinces of Gujarat and Maharashtra.

- Another east-west corridor originating in Lahore must join the southern feeder at Sukkur. This east-west high-speed railroad corridor will connect Lahore, Sahiwal, Multan, Bahawalpur, and Rahimyar Khan to Sukkur.

This feeder will be linked to Amritsar, in the Indian state of Punjab, which will serve as the feeder point for a vast part of India’s northern and eastern Gangetic plains, including the capital of New Delhi and its neighboring areas.

- Since Pakistan is really a north-south country enriched by the fertile valleys of the Indus, Chenub, and Sutlej rivers, a number of north-south feeders are necessary. For instance, a feeder must originate in Abbottabad, linking Islamabad, Rawalpindi, Jhelum, Gujrat, Gujranwal, Sargodha, Faisalabad, and Jhang Sadar to Multan.

A second one must originate in Mardan and traverse the Indus, linking Nowshera, Peshawar, Campbellpore, Mianwali, Liaquatabad, Dera Ismail Khan, and Dera Ghazi Khan to Shikarpur.

In addition to these major railway arteries, Pakistan needs to develop its inland water transportation, since the Indus, Chenub, and Jhelum rivers all flow north to south. A barge transport system operating between Port Qasim and Sukkur to Kalabagh would cut down transport costs considerably and enhance the carrying capacity of the north-south corridors significantly. The route between Port Qasim and Sukkur, where a dam is located, poses some navigational problems, but they can be overcome by building some feeder canals with locks.

There is no question that low-cost bulk commodities such as wheat, rice, cotton, sugarcane, edible oil, cement, salt, fertilizer, and construction materials, which are now being transported by road at high cost, are ideally suited for water transport. According to available estimates, transport by slow-moving barges is about 50% cheaper than rail freight.

- The rail requirements discussed here can be best understood if one considers the historical impact of railroads throughout the world in settling population and developing industrial bases. The advantage of rail corridors is the concentration of population, which presupposes a high level of economic activity. Any point within a 100-km-wide development corridor can easily be reached by short-haul trucking.

- One other advantage of railroad transport in the context of the Indian subcontinent, is that it may be the transport system that is least affected by climate and weather. The monsoon which inundates highways and roadways during the six or seven weeks of downpour, has much less impact on the railroads. But, to make use of this advantage, the railroads of Pakistan have to be modernized and should be embedded in concrete in areas that are flood-prone.