



Gwadar: Potential and Prospects

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1. Introduction:

Pakistan is a country that is blessed with abundance of nature, all weathers, and a truly diverse geography. A maritime state, astride the North Arabian Sea, it is bestowed with a vast coastline, offering natural ports and harbours. Throughout its existence Pakistan has depended entirely on Karachi (and Qasim Port) for its trade and security needs. Due to the close proximity of India both these ports remain vulnerable to disruption. Additionally, due to co-location of the ports the rest of the coast and associated hinterland has remained neglected and underdeveloped. In light of the growing economic needs of the country and security of its trade, the government of Pakistan decided to build a port at a remote western city of Gwadar. The geographical location of the port and China's willingness to help build and operate the port attracted attention of regional and extra-regional powers alike. Military strategists, politicians, and scholars worldwide have since debated Gwadar, giving rise to many a theories, speculations and stratagem. Gwadar is stated to have the potential to become a transit, transshipment and logistics hub, opening the gates of development and prosperity for Balochistan and Pakistan. However, though Gwadar port has been ready for operations since 2006, the port has not been able to attract any commercial shipping due to lack of connectivity, infrastructure and associated facilities. This has provided an opportunity to the opponents of Gwadar to raise doubts about the potential and prospects of the port. There is, therefore, a need of a well-researched scholarly discourse to fully comprehend the potential, analyse the impediments, and highlight the future prospects of the port.

2. Geo-Political Significance

After the demise of Soviet Union there was a sudden rush for grab of natural resources, particularly the hydrocarbons. The next few decades are likely to see a struggle among powers to secure routes for transportation of these resources. We have already seen a competition to control choke-points, ports and connecting routes, and this contest will intensify in the near future. Because of the abundant natural resources found in the Indian Ocean region and the gradual rise of many regional powers, this ocean has already become a stage of geopolitical intrigue. Within the Indian Ocean the North Arabian Sea acts as a 'strategic heart' which connects with the

proverbial energy jugular of the world¹. Gwadar is located at a unique position at the crown of the North Arabian Sea astride this energy jugular, which alone is enough of a merit. Gwadar and for that matter Pakistan, connects five very important and resource-rich regions of the world, namely South Asia, China, Central Asia, Persia and Iran; and with a little geographical imagination even Russia.

2.1. Central Asian Republics:

The decision to build the Gwadar port was taken in 1991; this was the time when the hydrocarbon-laden and mineral-rich Central Asian Republics (CARs) were gaining independence. These states which hitherto depended on Russia for transportation of goods and resources, needed access to the world and the shortest and most feasible access was through the warm waters of the North Arabian Sea, through either Iran or Pakistan. Due to Iran's bitter relations with the West and even with the other Gulf monarchies, Pakistan and its Gwadar port was hailed as the preferred choice for the world to connect to the CARs. This, however, could not materialize primarily due to post 9/11 invasion of Afghanistan and subsequent security environment in the region. The CARs are still looking for a viable access to the world and the best possibility remains the Gwadar port. Afghanistan itself has always depended on Pakistan's Karachi port for access to the sea; after requisite connectivity and facilities, Gwadar will become more feasible. Lately, due to political and security reasons, Afghanistan has diverted some of its trade through Iran, which is a longer and less reliable route nevertheless, Afghanistan's dependence on Pakistan for its maritime trade is not likely to decrease significantly.

2.2. China:

Another very important country that will be the major beneficiary of Gwadar is China. Though China has its own long seaboard, the size of the country is so huge that its western regions are far removed from the sea. As China grows in economic and military stature, it needs to ensure harmony and peace within its boundaries. It has, therefore, lately starting paying more attention to its so far neglected western provinces. The effects of China's economic reforms in these areas are already becoming visible. For example, Xinjiang, the

¹ Term coined by the author during a speech on, "Extra-Regional Influences in the Indian Ocean, Emerging Indo-US Nexus and its Bearing on Pak-China Relationship", in an international seminar titled *60 Years of Pak-China Relations: Landmarks, Trends and Approaches*, Islamabad: Institute of Policy Studies, April 12, 2011.

western-most province of China connected to Pakistan's border, boasted a trade of \$ 33 billion in 2013 as compared to \$ 22.8 billion the previous year. Similarly its GDP rose to \$130 billion, a year on year increase of 12%. There is also a substantial increase in tourism in the province. China's western region is akin to Baluchistan; it occupies 56% of the country's landmass and houses only 23% of its population; it is rich in mineral resources but least developed². Furthermore, it is far removed from the more prosperous east and particularly the ports, all of which are located in the east. China has invested large amounts of money in Xinjiang and adjacent regions, particularly in manufacturing units; however, the transport of energy and raw materials to the area and export of manufacturing goods from, is a source of concern for the Chinese government. And this is where Gwadar can play an important role in solving this predicament.

The port of Shanghai is about 10,000 km from the Strait of Hormuz by sea via the Malacca route while Kashgar, the capital city of Xinjiang, is about 4500 km from the port of Shanghai. However, Kashgar is only 2800 km from Gwadar via the envisaged China-Pakistan Economic Corridor and hence just over 3400 km from the Hormuz. It makes plain economic sense for Beijing to prefer this route only on the basis of the time distance equation. However, besides economy China also faces security issues which make the Gwadar-Kashgar route important even for China's entire sea trade from the west. The ships travelling from the Persian Gulf or the Red Sea have to pass close to the Indian territory as well as through the Malacca Strait. China is fully aware of the vulnerability of the ships throughout the long sea passage and particularly through the Malacca which is termed by the Chinese as the "Malacca Dilemma"³. China is, therefore, looking for alternative options to safeguard its supplies and Gwadar provides the most secure and economically feasible alternative to link with this side of the world.

2.3.Africa:

Like Asia, the African continent has long remained under the dominance of the West- first Europe and then the United States. Until recently US was the largest trading partner of

² http://www.china-window.com/china_market/china_industry_reports/western-region-development., accessed on May 30, 2013.

³ In 2003, Hu Jintao in a speech to senior party members at an economic work conference highlighted what he called the "Malacca Dilemma." China's 80% trade, including its oil imports, has to pass through the Malacca Straits thus highlighting the vulnerability of the route.

Africa, however, since 2009 China has surpassed US as the largest partner of the African continent. Africa is also the second largest supplier of oil to China. African countries which only hold 9-10% of the world's oil, account for one-third of China's oil imports. Angola is the second largest supplier of oil to China after Saudi Arabia. Other African countries that export oil to China include Republic of Congo, Equatorial Guinea, Nigeria, Gabon, Algeria, Libya, Chad, and Kenya. During the last one decade China-Africa trade volume has shown a year on year growth of more than 20% reaching \$216 billion in 2013 under the aegis of Forum on China Africa Cooperation (FOCAC)⁴. The China-Africa trade has to follow the same long and insecure route through the Indian Ocean/Malacca Strait. Diverting this trade to Gwadar could be a sigh of relief for both the trading partners providing a more economical and secure route.

2.4.Middle East:

Recently, China has also started warming up to the Middle East primarily to ensure security of its future energy needs. Relations between China and Iran, an important oil and gas exporter, have also witnessed an improvement showing signs of growing bilateral trade. Though Iran's Chahbahar port is regarded as a competitor to Gwadar, Iran understands the importance of Gwadar as the only rationale route to link it with China- the future economic power house of the world. Iran will, therefore, have no choice but to use Gwadar. Iran has already shown a desire to setup an oil refinery in Gwadar; and to supply electricity to Balochistan. Iran's stakes in Gwadar are likely to increase as the port becomes fully operational. The same is true for the other Gulf countries, which are already witnessing a growth in economic and political relationship with China. Saudi Arabia the largest and most important Gulf State is the largest oil supplier to China. Saudi Arabia has also undertaken joint construction of oil refineries in China and it would be convenient for Saudi Arabia and other Gulf States to use Gwadar not only for transportation of their oil and other trade but also to invest in the envisaged oil city in Gwadar.

⁴ Refer to "China-Africa Economic and Trade Cooperation" a White Paper published by the Information Office of the State Council, People's Republic of China, 2013.

3. Interests of Extra-Regional Players

3.1. United States:

United States' interest in the Indian Ocean goes back to the controversial prophecy of Mahan who had forewarned of the importance of this ocean in the nineteenth century⁵:

Whoever controls the Indian Ocean dominates Asia. This ocean is the key to the seven seas. In the twenty-first century, the destiny of the world will be decided in these waters.

And much before the dawn of the 21st century, his prophesy was beginning to show. Indian Ocean started to emerge as an important geo-strategic space on the world's map. Today, in the beginning of the 21st century this ocean has become the focus of the entire world, both politically, as well as economically and shall continue to attract world's attention in the foreseeable future. Indian Ocean, by virtue of its size and location and its vast mineral resources, is the world's most vital trade route today, with most of the major economic powers of the world strategically dependent on it for their energy and other requirements. With the end of the Cold War, the geo-political importance of the region has increased considerably, thus making political stability of the regional states a matter of prime concern. It is, therefore, obvious that all regional and extra-regional powers are trying to dominate the region both, economically as well as, militarily.

The US military arrived in Iran during World War II, primarily to provide support to the Russians. However, the region forming the 'Rimland', with newly discovered vast reserves of oil and gas, was too lucrative to be left alone⁶. US Navy operations began in the Persian Gulf in 1948 and since then the US has maintained continuous presence in these waters and established many bases in the ocean. All through the Cold War, US maintained substantial military presence in and around the Gulf region. It was expected that conclusion of the Cold War will also wane the pretext of heavy military presence in this area. But the continuing importance of oil, to maintain the burgeoning military and industrial complex of the United States (and its allies), additional oil and gas reserves of the newly created Central

⁵ One of the most quoted statement, in discussions on the Indian Ocean, attributed to Alfred Mahan. However, there is no direct evidence available linking the statement to Mahan.

⁶ 'Rimland' theory was propounded by Nicholas Spykman, a US Professor of International Relations as an alternative to Mackinder's theory of 'Heartland'.

Asian States, and, the emerging power of China, provided enough incentive to the US, not only to maintain but to further its influence in this region.

In the existing geo-political and economic quagmire, Gwadar has the potential to play a key role. While the US seems fully entrenched in the Middle East, despite 9/11 and the recent Arab spring, they also realize that their acceptability as a power broker and stabilizing agent is destined to decline and it cannot depend on the Middle East oil exclusively. It requires alternative sources of supply which are available in Central Asia. However, the entire Central Asia is land-locked and the only viable access is through ports in the Arabian Sea via Afghanistan and Pakistan or Iran. Considering the present relationship between US and Iran, it cannot use the Iranian land or ports and, therefore, the only choice left for the US is to use the Pakistani ports via the Afghanistan route. Karachi and Qasim ports are already getting congested, and the route passes through densely populated areas of Pakistan, which does not suit US for security reasons. Hence Gwadar port seems to be the most suitable option to access resources of Central Asia. Only a few days before the September 11 incident, the US Energy Information Administration documented Afghanistan's strategic geographical position as a "potential transit route for oil and natural gas exports from Central Asia to the Arabian Sea"⁷. For exploiting this route, the US needed a compliant regime in Afghanistan and 9/11 provided a seemingly perfect excuse. Immediately after the invasion of Afghanistan by coalition forces, New York Times reported that, "The State Department is exploring the potential for post-Taliban energy projects in the region"⁸. Other than accessing Central Asia, Gwadar could also have aided US in its 'so-called War on Terror' by providing an alternative, shorter and much securer route to Afghanistan. It may be said that the future of US influence in this region will depend a lot on the outcome of the Afghanistan situation.

Furthermore, as US gradually loses its grip on the region and its capacity to "shape the environment" decreases, the countries in the Middle East will be reluctant to host its ground forces, which means more dependence on offshore mobile forces. As US dependence on its naval forces increases and their acceptability in the Middle East declines, US will require alternative bases for its forces and Gwadar will become the most attractive choice. If

⁷ Ammad Hussain, *Pakistan's Gwadar Port- Prospects of Economic Revival*, Master's thesis (Monterey: Naval Post Graduate School, 2004), 121.

⁸ *Ibid.*, 122.

US asks for basing rights in Gwadar, or even stationing of its forces, it will definitely alarm China and put Pakistan in a serious dilemma. Allowing US military usage of the port under such circumstances will likely strain its relationship with China as well as Iran and other Middle Eastern countries.

It is common knowledge that the US sees China as its major competitor in the region (and beyond) in the future. And it is also wary of Pak-China friendship. Washington knows that growing influence of China in this region is detrimental to its interests and would do anything to check this trend. Washington views Gwadar as the “Chinese Gibraltar”. The recent entente cordiale with India is part of the strategy to hedge Chinese influence in the region and shows US distrust of Pakistan in pursuit of its strategic objectives. However, it continues to court Pakistan for the same reason, due to the latter’s vital position on the regional chess board. US feels that by having access to Gwadar China can rid itself of the liability of long and vulnerable SLOCs, which would tremendously help its economic as well as maritime potential. Furthermore, by stationing at such a pivotal location China will be in position to monitor all US naval activities. In addition to above, Gwadar (in the hands of the US) can serve as an effective platform to further US goals of maintaining its hegemony, control of the hydrocarbons and minerals of the Persian Gulf, Central and South Asia and, containment of both, China as well as Russia.

3.2. European Union:

European Union is not particularly blessed as far as hydrocarbons are concerned. EU members possess only about 0.6% of the world’s proven oil reserves and 2.0% of the world’s natural gas. Economic prosperity and industrial development has continued to enhance their dependence on hydrocarbons and other energy resources. According to some estimates, by 2020, EU will be required to import two-thirds of its total energy requirements. EU’s dependence on the Persian Gulf is evident from the fact that in 2002, Western Europe averaged 2.3 million bbl/day of oil imports from the Persian Gulf and hence, it is natural for these countries to look for alternative sources, one of which is the vast reserves of Central Asia⁹. European Union countries have remained dependent on the US, so far, to protect their interests in the region foremost of which is continuous flow of oil. And in return for that

⁹ Hussain, “Pakistan’s Gwadar Port,” 59.

service they have supported US policies and interventions, albeit sometimes at the cost of their prestige and national pride. On individual level Europeans have tried to maintain good relations with the countries of the region, using only 'soft power' where necessary. However, in light of the waning power and acceptability of US, the Europeans have realized that they cannot depend on US patronization for long and need to work on independent options as well. Commissioning of a military base by France in 2009 in the Persian Gulf is a case in point¹⁰. In their attempt to tap alternative oil sources, Europeans have supported an oil pipeline from Central Asia through Georgia and Turkey. However, besides covering a long distance the project is fraught with many geographic as well as geo-political hurdles. Some of which include separatist crisis in Georgia, instability/uncertainty in Kurdish areas of Turkey and unrest over Cyprus near the Mediterranean Turkish port of Ceyhan. In the given scenario EU is also faced with the same options of a pipeline via Pakistan and Iran. And till the current feud of US and its allies continues with Iran their best bet remains the Gwadar route. EU has developed a stable relationship with China and they will be less concerned with a potential shift in power balance in the Indian Ocean/ North Arabian Sea, as long as their interests are protected.

4. Gwadar and Maritime Security

The realm of maritime security extends far beyond the traditional ambit of security, encompassing political, economic, scientific, technological and diplomatic aspects as well. Having a coastline and access to open seas offers both, opportunities as well as vulnerabilities. While the strategic location of Gwadar does constitute political challenges, it also provides the country with diversity of options in terms of maritime security. A major function of the port is to provide connectivity between sea and land transportation routes. Due to the overwhelming advantages of sea transport over other modes of transportation, over 90% of the world's trade is carried through the sea. Consequently, protection of sea trade has become the prime focus of maritime security apparatus.

¹⁰ French President Sarkozy commissioned a military base in Abu Dhabi on May 26, 2009, the first permanent military establishment created by the French Republic in a foreign country since over half a century. The Abu Dhabi base, Sarkozy said, "illustrates the responsibilities that France, as a world power, intends to assume alongside its special partners in a region that is a nerve center for the entire world."

Like most other countries of the world, Pakistan is completely dependent on sea, for over 90% of its total trade. Since its inception the country has depended solely on the Karachi port complex (which includes the Qasim port due its close proximity). However, the two adjoining ports are very close to the Indian border and, therefore, susceptible to attack and blockade. This vulnerability was amply highlighted during the 1971 war and has since impinged on the minds of Pakistani rulers and policy makers. Gwadar being farther away from Karachi and Qasim provides the much desired relief from this dilemma and reduces vulnerability of maritime assets. Majority of Pakistan's trade and 100% of its oil imports approach from the western direction. Presently, the ships and oil tankers have to travel a long distance along Pakistan's coast to reach their destination at the eastern extremity. During this passage the ships remain prone to attack and have to be protected by naval units which could else be used for other operations. Majority of Pakistan's trade is carried through foreign flagged vessels which, in times of war or tensions, either refuse to call on Pakistani ports or demand very high war premiums. With Gwadar becoming operational this travel distance reduces considerably, making it almost impossible for any adversary to interdict Pakistani bound shipping. Thus Gwadar ensures continuity of supplies, in shorter time, saving precious national exchequer.

Furthermore, instead of being confined to one port within striking distance of the enemy, navy can now disperse its forces along the coast gaining strategic reach and poise advantage. This advantage provides navy and other maritime forces the capability to deter aggression as well as check illegal activities within Pakistani waters. The geographical location of Gwadar can also help in maintaining a close eye on all shipping emanating from the Strait of Hormuz as well as the activities of regional and extra-regional forces in the area. This superior orientation has become the major cause of concern for policy planners in some Western countries, as well as India. Thus despite the fact that it is being developed as a commercial port, it serves to bolster the existing maritime security organization of Pakistan.

5. Present Status of Gwadar Port

Gwadar has remained an important port serving Makran throughout the known history. Its geostrategic location has attracted notable conquerors and travelers. Therefore, the area finds a mention in the annals of famous travelers and historians such as Firdausi (*Shahnama e Firdausi*), Al-Istakhri, Al-Idrisi, Ibn-ul-Haikal, Ibn-e-Khurdaba, Marco Polo, Rai Chach

(*Chachnama*), Sidi Ali etc. For this reason, Makran changed hands frequently but due to extremely inhospitable terrain and harsh weather the foreigners could not stay in the area for long and most of the time local *sardars* continued to rule pockets of Makran. In the late 18th century Gwadar went into the hands of the Sultans of Muscat, who retained Gwadar with the connivance of the British, until 1958 when Gwadar was finally purchased by the government of Pakistan¹¹.

Pakistani rulers were always conscious of the potential and necessity of Gwadar as an alternative port to Karachi. Nevertheless, due financial and political constraints, the project of a commercial port at Gwadar could not be initiated until 1991, when the government finally decided to build the port. It took yet another decade and the construction work started at the site by a Chinese company in 2001. The first phase of the port was constructed in record time by China Harbour Engineering Company (CHEC) and completed by the end of 2005. The port operations contract was then awarded, after international bidding, to PSA Gwadar Pte Ltd. However, the company failed to deliver according to its contractual obligations and the ‘Concessional Rights’ were finally transferred to China Overseas Port Holding Company in 2013. Presently, the port consists of following infrastructure and services:

- 3 berths of total length 602 m.
- A Roll-on Roll-off terminal
- 4.5 km long approach channel.
- Outer harbour dredged to 15.5 m, inner harbour to 12.5 m.
- Turning basin 450 m in diameter.
- One in number 100 m service berth
- Two gantry cranes for containers.
- Five cranes for 16-40 tons load, and
- Related port infrastructure and port handling equipment

With these facilities, the port is in a position to handle Bulk Carriers of only up to 50,000 DWT (Dead Weight Tonnage) and Container Ships of up to 25000 DWT. The envisaged expansion of the port includes addition of seven berths of 300 m each, two exclusive oil

¹¹ Azhar Ahmad, *Role of Maritime Strategy in National Security: A Case Study of Gwadar*, PhD dissert. (Islamabad: National Defence University, 2014), 98-112.

terminals and dredging of channel to over 20 m. The ultimate aim for the port is to be able to accommodate bigger and latest ships in business. The port is only linked with Karachi via the Makran Coastal Highway. Till the time the port is linked with the north through the under-construction road network as part of the China-Pakistan Economic Corridor, the port will remain operationally constrained¹².

6. Gwadar's Role in Development of Balochistan

Sea (or river) ports are hub of human activity and offer innumerable socio-economic opportunities and benefits. For this reason humans tend to congregate around the ports. Today majority of the earth's population lives close to the ports and all major cities and commercial centres are located along these ports. Therefore, in all human analyses, port regions will always be considered at an advantage compared to those areas which are not located close to the waters. Ports are considered as engines of local and regional economic growth and development. Most of the thriving civilizations owe their existence to availability of ports. Pakistan is extremely fortunate to be in possession of a number of ports including Gwadar. Like all sea ports, Gwadar offers promise to contribute significantly in the development and prosperity of the entire region around it.

The envisaged economic activity associated with Gwadar port can be divided into several groups. The first group includes cargo/passenger handling, storage and distribution activities directly related to the port function, ship repair and a host of transport-related services located in the port itself and in the adjoining city centres. The second group comprises of a set of processing industries that transform imported material before their onward shipment/re-export, taking advantage of the inter-modal, trans-shipment and break of bulk functions of the port. A third group of industries located in port-industrial complexes are those whose inputs comprise bulk commodities imported through the port. Oil refineries and related chemical industries, iron and steel mills and sugar refineries may be included in this category. A fourth category not directly related to the port function but intricately associated with it is that of tourism and recreational activity. All these functions provide employment and generate colossal economic activity which will be directly translated into development and prosperity in the region around it.

¹² The author has personally visited and observed all the facilities/ infrastructure first hand.

Future activities at Gwadar are expected to generate about two million new jobs in 8-10 years. Gwadar Development Authority estimates that 1.7 million people will move to Gwadar within the span of thirty years¹³. Signs of progress and prosperity are already visible in the city despite the fact that the port has not been commercially functional. New and modern residential areas, hotels, buildings, schools, hospitals and roads are indicative of the positive outcome of port development. These effects are sure to spread to other areas of the province once the port is fully functional and connected to the hinterland.

Balochistan is a province full of natural resources most of which are still waiting to be exploited. Large reservoirs of gas, possibility of oil, and discovery of precious minerals has attracted international interest in the province. Investors and developers are showing keen interest to take part in the development process and be part of the potential bonanza. The subsoil holds a substantial portion of Pakistan's energy and mineral resources, accounting for 36 percent of its total gas production. It also holds large quantities of coal, gold, copper, silver, platinum, aluminum, and above all, uranium. There is an estimated stock of 200 million tons of iron and 217 million tons of coal¹⁴. Saindak gold & copper mines are estimated to contain reserves of up to 412 million tons. Similarly, Reko Dik reportedly contains 5.9 billion tons of copper & gold¹⁵. The province lacks proper infrastructure to exploit and transport these resources. The construction of Gwadar port and requisite infrastructure linking it with the rest of the province and beyond will provide an easy access for export of these minerals.

In addition, Balochistan also offers a vast and potentially rich Exclusive Economic Zone (EEZ) spread over an area of approximately 180,000 sq km. A modern port and supporting infrastructure is required to exploit the full potential of this important resource as well. Besides being rich in mineral and hydrocarbons the seas are also a major source of food. It is natural that majority of people along the Makran coast are associated with fishing. Fishing is carried out all along the coast, but the vessels tend to be concentrated where there are suitable harbours and related infrastructure. Gwadar being the chief port of Makran contributes the most towards the total fishing catch of the province. There are about 50,000 active fishermen in Balochistan of

¹³ Reema Kazmi, "Port Gwadar: Turning Dreams into Reality", *IBEX*, (January, 2009), 14.

¹⁴ Faisal Mushtaq et al., "Coal Fired Power Generation Potential of Balochistan", www.vurup.sk/petroleum-coal accessed on January 28, 2015.

¹⁵ http://en.wikipedia.org/wiki/Saindak_Copper_Gold_Project, accessed on January 28, 2015.

which nearly 9000 each are concentrated at Gwadar and Pasni. Presently, the requisite infrastructure and facilities are lacking in the province/ city. With further development of the port, the infrastructure required for fishing will also improve and processing and packaging could be undertaken at or near fishing sites. Additionally, the entire catch of Gwadar and other landing sites at Makran has to be carried to Karachi for further transportation upcountry or abroad. This deprives the province of its vital share of income from the fishing industry. A lot of Baloch fishermen have, therefore, shifted to Karachi for better living and opportunities. Once Gwadar port becomes functional and the city is linked with upcountry through better roads, there will be no need to move the catch to Karachi and fishing alone will be able to contribute significantly in the prosperity of the people.

In the long term Gwadar port is likely to earn enormous revenues for the province and the country by providing transit and transshipment facilities to a number of countries. As mentioned earlier, it is the shortest and most feasible route to the sea for most Central Asian countries, Afghanistan and for parts of Russia (especially during winter when most of its ports are closed). Central Asian economies are still weak and it will take some time before they are able to generate substantial trade for Gwadar. Besides, the political and economic situation in Afghanistan also hinders transit access to this region. However, Gwadar has become a crucial route for China under the developing geo-political situation. China is the second biggest economy slated to surpass US before the end of this decade. A portion of China's transit trade through Gwadar-Kashgar corridor could generate substantial economic activity for the whole province. The revenues will not only be generated by transit fees alone but innumerable employment and business opportunities to be created along the corridor. Needless to say that once there is a road and trade caravans moving over it, it automatically produces a number of opportunities.

Once desired infrastructure, services and facilities are made available at the Gwadar port it will also be a port of choice for transshipment of cargo to and from a number of countries. Its ideal location, natural deep water port and quick turn-around will attract larger vessels to offload their cargo for further transshipment to the countries in the Persian Gulf and the littorals of the North Arabian Sea. Pakistan's current maritime trade is about 67 million tons, being handled jointly by the Karachi and Qasim ports. Studies estimate that Gwadar's port traffic has the

potential to reach 42-65 million tons in the short term i.e. 15 years, while in the long term, spanning 50 years, it may exceed 300 million tons¹⁶. With the development of Gwadar as an international port and attractive business centre; human resources, both labour and capital will be attracted towards Gwadar and Balochistan, bringing increased international exposure to this province. Development results in investment opportunities, both for locals as well as for foreigners. Pakistan is an investment friendly country and a large portion of its total investment has always come for Foreign Direct Investment (FDI). With a planned influx of FDI in the area, Pakistan could become a major world conduit for petro-chemical trade and greatly stimulate its economic growth. Estimates suggest potential FDI to the tune of \$ 8 billion, for infrastructure and social development projects in Gwadar and adjoining areas.

7. Gwadar and Chahbahar: An Appraisal

It may be noted that Gwadar is not the only port offering access to the warm waters of North Arabian Sea to the CARs. As already acknowledged Iranian port of Chahbahar, which is located about 200 km west of Gwadar and provide distance advantage to areas close to the Caspian. An analysis of Gwadar's potential as an ideal transit route for Central Asia must, therefore, include an appraisal of Chahbahar as well. Chahbahar is 2304 km from Ashgabat, the capital of Turkmenistan, whereas Gwadar is 2565. Additionally, Ashgabat is linked by means of road and rail with Iran. However, this distance advantage could be neutralized in case of Mary (an eastern city of Turmenistan), the fifth largest gas fields in the world which is closer to Gwadar and already connected to Quetta via Heart and Qandahar. On the other hand, Gwadar enjoys a distance advantage of approximately 200 km both in case of Tashkent (Uzbekistan) and Dushanbe (Tajikistan) when compared with Chahbahar¹⁷. Uzbekistan, Kazakhstan and Turkmenistan are connected with rail to Iran (Bandar Abbas), whereas no rail connection exists between these countries and Pakistan. Moreover, the quality of roads in Central Asia and Iran is superior compared to those in Afghanistan and Pakistan. The security situation in Afghanistan is even a bigger handicap. Due to these reasons Afghanistan-Pakistan route is currently attracting

¹⁶ Studies conducted by Arthur D. Little, a US Consultancy firm hired by the government of Pakistan, to assist in economic feasibility and Master plan of Gwadar.

¹⁷ Tahir Wasim et al., *Gwadar- 20 Years from Now*, Group Research Paper, (Islamabad: National Defence University, 2007), 12-14.

little traffic compared to the Iranian route. Hence in order to compete with Chahbahar, two prerequisites will have to be achieved: security in Afghanistan and improved infrastructure on the Afghanistan-Pakistan route. Once Gwadar-Kahghar corridor is complete and further extended into Afghanistan, it will provide incentive to CARs to divert their trade to Gwadar. Trade to countries like Russia, Kazakhstan, Kirgizstan, and Tajikistan may even use the China-Pakistan route in case Afghanistan remains unstable. Iran's current unfavourable relations with the West are also disadvantageous to the functioning of Chahbahar. However, the final outcome will be dependent on many factors such as cost and quality of services provided at the ports, relationship between the countries, infra-structure/connectivity and security in Afghanistan. It may be reiterated that these factors are only significant for transit access to Central Asia; Gwadar still enjoys superiority over Chahbahar for its unrivalled access to China which is a much bigger and more dynamic economy.

8. Challenges and Impediments

Any human endeavour will have its prospects as well as challenges and Gwadar is no exception. In fact, the bigger the undertaking is, the challenges are also greater. The most glaring of the challenges potentially confronting the functioning of Gwadar port could be that of security. Unfortunately, some people with vested interests have tried to spread undue apprehensions about the security situation in Gwadar. Mostly foreign but some Pakistani scholars also try to paint Gwadar as an unsafe city where the locals are against the port- this being far from truth. It may be noted that there is no insurgency or terrorism related situation in Gwadar. *Gwadaris* are peaceful people and the city is one of the safest cities of the country. This fact has also been acknowledged by renowned writer and geopolitical analyst, Robert D Kaplan in his book on Indian Ocean, "*Monsoon: The Indian Ocean and the Future of American Power*¹⁸." However, there definitely is trouble in some tribal areas of Balochistan, which will affect the connectivity of the port with the rest of the country and beyond. It is, therefore, imperative that such elements are controlled and security to the entire corridor ensured. The best way to achieve this would be to keep the locals onboard in the decision-making and implementation process and let the signs of progress be visible to general population. Without

¹⁸ Robert D. Kaplan, *Monsoon: The Indian Ocean and the Future of American Power*, (New York: Random House, 2010), 55.

the full-fledged support of the locals it would be naïve to believe that such an expansive project could be implemented successfully.

Connectivity and associated infrastructure is essential for any port to function. Gwadar has not been able to attract any business so far because of lack of connectivity and supporting infrastructure. The port will only be accepted as functional once requisite road/ rail network is in place and necessary facilities and services are made available. A comprehensive master plan has already been evolved for the development of the port as well as the city. It is the responsibility of both, the federal and provincial governments to ensure that the master plan is followed and the area is developed as envisaged. Recently a controversy has developed regarding changes in the initial route of the Economic Corridor. Such actions could further alienate the local population and impede progress on the project. The government must ensure transparency and merit to keep the local people and leadership onboard. One also has to be cautious of the possibility of a “tunnel effect” in such situations where locals may be deprived of the due benefits of the port and a far flung customer gets all the benefits by transportation of goods. Currently, there is little infrastructure or development in the vast hinterland of the port. Lucrative incentives and facilities with efficient services will have to be provided to attract local and foreign investors. Depending entirely on public exchequer or the Chinese for development of the infrastructure and facilities may not be a viable option and soon the government of Pakistan will have to attract investors to contribute in this endeavour. Bureaucratic delays could be a big hurdle in way of progress on the project, ways should be evolved to expedite and improve decision-making.

9. CONCLUSION

Due to the evolving geo-political scenario in the Indian Ocean, the significance of Gwadar port has become manifold. Gwadar port is not just another alternative but an essential gateway that had to open sooner or later. Gwadar’s importance is not restricted to one single country and has to be understood in the context of global political and economical game plan. Pakistan has long neglected two of its most resource rich areas i.e. Balochistan and the Sea. Gwadar is an opportunity for Pakistan to undo its past mistakes and revive both these areas. Revitalization of these two areas could turn the fortunes of the people of Pakistan and transform the country into a developed prosperous economy. In order to fully benefit from the potential of the port, Pakistan needs to understand the geo-politics of the region and use the port to induce cooperation rather

than competition among regional and extra-regional players. Gwadar has the potential to act as a catalyst in promoting harmony and prosperity in the region. Political will, determination and skillful diplomacy will be required to manage all stake holders and guide the project to its rightful destiny.