

GWADAR PORT: AN ECONOMIC HUB OR A MILITARY OUTPOST

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Abstract

The importance of Gwadar Port is manifold. Gwadar is not only going to play critical role in Pakistan's economy but is also likely to influence other neighboring countries like China, Iran and Central Asia etc. The deep-sea port at Gwadar is visualized as becoming a trade corridor and a regional hub, serving commercial goals in the region. The development of the Gwadar port holds out for the regional countries huge economic returns. A road from Gwadar to Saindak is said to be the shortest route between Central Asia and the sea. Goods, oil and gas reserves from these countries could be shipped to global markets. It will nearly halve the overland distance from China's landlocked western provinces to the sea: from about 4,000km to China's east coast, to just 2,000 km south to Gwadar. On the other hand, highways connecting it to Afghanistan reduce the distances of Pakistan-Central Asia traffic by about 500 to 1000 km. The paper evaluates the prospects of trade and their economic benefits through Gwadar Port. The envisaged trade forecast of Gwadar Port is based on the potential transit cargo of Western China, Afghanistan and Central Asia. The development of industries, trade and business in adjoining areas are some of the spins-offs of the ports, which necessitate suitable policies to accumulate maximum benefits. Indeed, the construction of the Gwadar port is a vital component of Pakistan's overall initiative to facilitate trade in the region and particularly with the landlocked states of Central Asia.

Key Words:

Gwadar, land Locked, Trade Corridor, Saindak, Regional Hub.

Introduction

Owing to its strategic location and God gifted natural resources, Balochistan Province of Pakistan has always been at the centre stage of regional and global politics. Unfortunately, Pakistan could

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not unlock the riches of the Central Asia and Caspian yet. However, it is experiencing wide spread instability and law and order situation in the province of Balochistan, ever since in 2002 when the developmental work on the Gwadar port was initiated. It was also in 2002, former President of Pakistan, General Pervez Musharraf's Address at the Ceremony of Gwadar Deep-Sea Port, stated:

Today we are here for the ground breaking ceremony of this port. In my conviction we are all here as witnesses to history being made not only for this region, for this province of Balochistan and for Pakistan, but also history being made in the relationship between Pakistan and China..... If we see this whole region, it is like a funnel. The top of the funnel is this wide area of Central Asia and also China's western region. And this funnel gets narrowed on through Afghanistan and Pakistan and the end of this funnel is Gwadar port. So this funnel, futuristically, is the economic funnel of this whole region. All the top of this funnel, the broad top of the funnel, anything going into it or out of it, Pakistan and Gwadar port provides the real input, the inlet and the outlet into it. It will also facilitate the development of shipyards and export of mineral resources of Balochistan.¹

Located at the mouth of Persian Gulf, and having proximity to the Straits of Hormuz, the Gwadar port has a strategic significance. It is located about 267 NM West of Karachi. It will be a regional centre of communication for incoming and outgoing traffic of world. Since the major shipping route connecting three main continents; Asia, Europe and Africa are passing through the surrounding area's of this port, therefore, it has attained the status of a key strategic and commercial port. Over sixty percent of global trade and transportation of oil tankers takes place through the regional waters of the Gwadar Port, strategically located near the Straits of Hormuz. In connection with the global trade, Gwadar port presents itself as the best option and the storage port, as it can handle the major ships and oil tankers. "The 14.5-meter draft of the port will be able to accommodate up to fifth-generation ships, including Panamax and mother vessels."²

Pakistan's interest in Gwadar originated after it engaged the United States Geological Survey (USGS) to conduct a survey of its coastline in 1954, which was responsible in identifying Gwadar as a suitable site for a seaport. As a result, on 8 September 1958, Pakistan purchased the Gwadar was primarily conceived in 1964 and small port was constructed at Gwadar by the Government of Pakistan between 1988 and 1992 at a cost of Rs. 1,623 million.

¹ IPRI Fact file, "China-Pakistan Relations a Profile of Friendship," (Islamabad: 2013). <http://www.ipripak.org/factfiles/ff60.shtml>

² Raja Muhammad Khan, "Making an apt use of Gwadar Port," Pakistan Observer, July 10, 2013 <http://pakobserver.net/detailnews.asp?id=55419>

However, due to the lack of requisite finances and expertise, the project remained unimplemented for these long years. In 2001, China agreed to invest in the development of Gwadar Port. The port was developed to boost the economic growth in the northern and western parts of Pakistan. Apart from this, it was also aimed at providing the shortest possible approach to Afghanistan and the landlocked Central Asian Republics for their trans-shipment facilities. By virtue of its strategic location, the Gwadar port is a place of great strategic value, giving tremendous boost to Pakistan's importance in the whole region. It allows Pakistan to extend an influence from the Persian Gulf through the Indian Ocean to Southeast Asia. The Gwadar deep-sea port has the potential to remain functional throughout the year and can handle large ships. Being a hub between energy efficient and energy deficient countries, it can facilitate both China and India in linking them with energy rich Middle East and Central Asia. The strategic importance of Gwadar to Pakistan cannot be underestimated and thus attempt not to make optimal utility of the port as expected will jeopardise the strategic importance.

After china agreed to invest in the development of Gwadar in 2001, it invested an estimate of \$ 248 million³ and completed the first phase of the project in 2006. The project continued till 2007, when it was handed over to port of Singapore authority (PSA), through an open bidding for duration of forty years. As a concession, the PSA was given corporate tax exemption by Pakistan for the entire period of forty years. The otherwise concessional agreement, delimited PSA to invest \$3 billion on the project. PSA was to invest \$550 million in the first five years, which it had not done, until 2012. Besides, the Gwadar Port Authority (PSA) was to receive revenue from PSA, which was not insight. Whatever be the reasons, PSA could not operationalize the Gwadar port, as agreed in the bi-lateral agreement. Moreover, it failed to invest the agreed amount in five years even.⁴

In the backdrop of the above, Islamabad entrusted the project of Gwadar Port of Port of Singapore Authority to be instrumental in breathing reality to the port. However, the expectation has be dwindling not just at the public level, but equally at the level of Pakistan Government, it was felt that, "the Gwadar port project is a disaster, as the 40-year concession agreement with the PSA has not yielded any result in its first five years." Thus. It was clear that, the government and the PSA are in default of commitments, yet, this national asset could not be left at lurch for a long. It was in the same milieu that Pakistan finally reached to the conclusion that, port is not serving the purpose for which it was built; therefore, the agreement with PSA should be revised and given to someone who could really manage and operationalize it.

³ Asim Sajjad Akhtar, "Balochistan versus Pakistan," *Economic and Political Weekly*, vol.42, no 45/56 (2007), 75.

⁴ Raja Muhammad Khan, "Making an apt use of Gwadar Port," *Pakistan Observer*, July 10, 2013.

Policy makers in Pakistan do not shy away from this do not that shy away from this realization and even if Pakistan cannot effectively make the dream and ambition of Gwadar a reality, Islamabad can always collaborate with a more trusted friend to actualize the dream. The vacuum of a trusted friend was apparently filled by China. The latter evidently has been an all-weather friend of Pakistan and was swiftly drafted into the dream and reality of Gwadar. China is one of the few countries in the world which has made optimal use of geography for its strategic advantage. It has established cordial relations with majority of its neighbours and regional countries based on common interests. This interdependence resulting from economic and security partnership often claimed as a diplomatic and economic victory for China, allows China to obtain the natural resources required to sustain its economic growth.⁵

The expectation of the government from PSA could not hit the target, thus explains the assertion that over the last four decades or thereabout, there was recognition among the strategic community of Pakistan that the port is not being utilized as envisioned; somewhat, it is rapidly becoming white elephant.

China already had a stake in the port and the inefficiency emanating from the project convincingly prompted the government to take project from PSA and was formerly handed over to China.⁶ On February 18, 2013, the government of Pakistan finally signed an agreement with Chinese government-owned 'China Overseas Port Holdings Ltd' for the administration and operationalization of the Gwadar Port.⁷

The choice to make China the new contractor of the port was a well deliberated and calculated decision, though long anticipated decision by the government, in the best national interest of Pakistan.

Concerns over Gwadar and the New Contractor

The decision has invited lot of direct speculative criticism from India and its Indian strategic partner, particularly the United States of America, while indirect criticism surfaced among Pakistan's friends. In

⁵ Senge H. Sering, "Expansion of the Karakoram Corridor: Implications and Prospects," IDSA, Occasional Paper no. 27 (2012):5, accessed on July 18, 2013, http://www.idsa.in/sydttem/files/OP_Karakoramcorridor.pdf

⁶ "China takes over Gwadar Port operations," *Nation*, (Islamabad), February 19, 2013, accessed on July 18, 2013, <http://www.nation.com.pk/pakistan-news-newspaper-daily-english-online/national/19-Feb-2013/china-takes-over-gwadar-port-operations>

⁷ "Pakistan hands over Gwadar Port operation to China," *Nations*, (Islamabad), February 18, 2013, accessed on July 18, 2013, <http://www.national.com.pk/pakistan-news-newspaper-daily-english-online/national/18-Feb-2013/pakistan-hands-over-gwadar-port-operation-to-china>

its first official response, the Indian Defense Minister called the deal as a matter of “serious concern” for India, which in fact is beyond perception and amount to meddling in the internal affairs of Pakistan. The Indian and western media hurriedly propagated that, “China harbours the intention to build naval bases there.”⁸ Indeed, a resumption of the old jargon, ‘String of Pearls concept’ that China rejected times and again. It indeed is a concept jointly crafted by Indian and US strategists’ way back in late 1990s.

Consequently, concerns over the Iran-Pakistan Gas Pipeline previously known as the previously known as the Iran-Pakistan-India Pipeline (IPI). There has been a looming concern by Iran over Gwadar port vis-a-vis the pipeline project. Iran is somewhat concerned that China could take advantage of the pipeline as the pipeline has the potential to be taken to the Chinese territory across the Khunjrab pass, thus retitling it as the Iran-Pakistan-China (IPC) pipeline. Similarly, through Gwadar the pipelines from the Central Asia have the potentials to be taken to the Southern Chinese autonomous region of Xingjian. Currently over 50 % of Chinese oil is being imported from Middle Eastern countries,⁹ having religious and historical links with Pakistan. This oil transportation through oil tankers can take the form of the transportation through pipeline via Gwadar, the nearest and overland route to the Chinese soil. Gwadar might thus, reduce China dependency on Iran and Middle East energy.

China maintains that it is neither planning to encircle India nor heading for string of pearls strategy. Rather, unlike hegemonic powers, Chinese policy is based on the use of soft power approach and peaceful rise with economic cooperation and interdependence; a win-win situation for all. Whereas the strategically located Gwadar port is primarily meant for economic and socio-political needs of Pakistan, would also provide an easy excess to China for the overland transportation of its energy resources from Gulf and Central Asia. It would give Chinese western autonomous region; Xinjiang an easy excess to the Arabian sea, thus opening new opportunity for the development and the economic prosperity. “If a pipeline connecting the port to western China is built, the shortest route for oil imports from the Middle East can be realized.”¹⁰

⁸ Shu Meng, “Gwadar Port move being seen through skewed lens,” *Global Times*, February 10, 2013 <http://www.globaltimes.cn/content/759517.shtml>

⁹ International Energy Agency, “Oil and Gas Emergency Policy : China 2012 update” *International Energy Agency*, accessed on July 18, 2013, <http://www.iea.org/publications/freepublications/publication/name,28189,en.html>

¹⁰ “China’s take over Gwadar port not aimed at encircling India,” *Economics Times*, (Online), February 1, 2013, accessed on July 18, 2013, http://articles.economictimes.indiatimes.com/2013-02-01/news/36684468_1_gwadar-port-global-times-china

Present Development Status of the Project

So far the China Harbour Engineering Company which is responsible for the construction of the port has undertaken the following sub project:¹¹

Phase -I: Initial infrastructure, Worth is US \$ 248 Million, Status: Complete

- Three Multipurpose Berths
- Length of Berths 602m
- The length of Approach Channel is 4.5 km being dredged to 11.5 meters-125 meters.
- Turning basin 450 meters dia.
- One 100m service Berth.
- The port handling machineries and infrastructure including Tugs, survey Vessel and Pilot Boat etc.

Phase-II: construction on Nine Additional Berths with a total Cost of US \$ 932 Million. Details are:

- Four Berths Containers.
- One BCT (Bulk Cargo Terminal) which will be handling 100,000 DWT ships.
- One Grain Terminal
- One Ro-Ro Terminal.
- Two Oil Terminals to handle 200,000 DWT ships

The phase -2 of the Gwadar project would be executed by private sector and must be completed promptly and the port will be made fully functional as soon as possible.

Economic Significance of Gwadar Port

Socio-economic uplift and incentives for Pakistan

Pakistan has a sea frontage of 1,046 Kilometers with the Arabian sea- a mid-sea which joins the strategic oil line of Persian Gulf with the Indian Ocean, stretching to West and Southeast. Approximately 36,000 ships transit through Pakistan's sea area each year. Karachi port is handling 68 percent whereas port Qasim manages 32 percent of the sea borne trade¹² and Gwadar port will greatly bear the increasing burden on these two ports.

¹¹ "Gwadar Facts Sheet", Gwadar International, accessed on July 18,2013, <http://www.gwadarinternational.com/facts.html>

¹² Hassan Yaser Malik, "Strategic importance of Gwadar Port", journal of political studies, vol,19, issue-2 (2012):57-69, accessed on July 12, 2013. <http://pu.edu.pk/images/journal/pols/pdf-files/gwadar%20article-winter2012.pdf>

Gwadar port will play an active role in changing the economic destiny of our country. Nonetheless, it can also help Pakistan manage its sea trade and provide it the much needed revenue collected through shipment, transshipment and transit facilities. Due to non-availability of infrastructure the available resources of Balochistan which are in abundance, could not be explored. As part of interior development of Gwadar port intra and inter road communication have been developed which will increase the economic activities manifold.

Fishery is providing 300,000 job opportunities to fishermen whereas another 400,000 individuals are given job in the ancillary industries. Fishery can also greatly improve if Pakistan fully utilize the EEZ depth, which it has not done so yet. Karachi fish harbour hundles 90 percent fish and seafood catch and earns around 120 million US \$ in export per year. Fishery would improve and it will raise the fishing and seafood catch after the construction of Gwadar port.

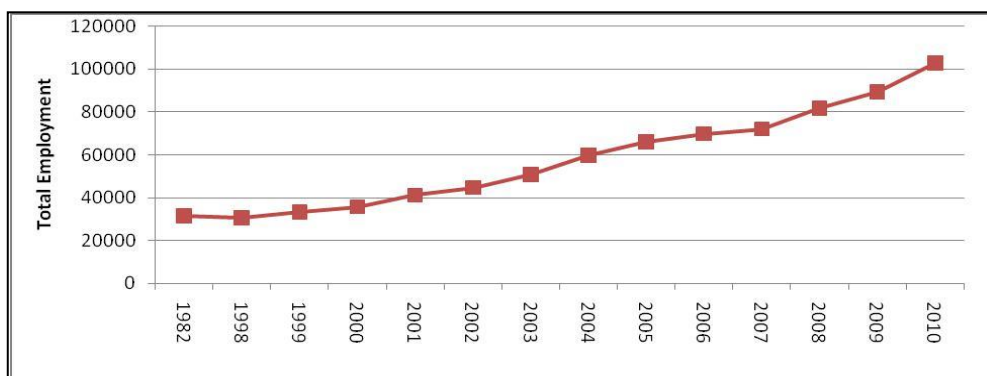
The Gwadar deep sea port is the largest infrastructural project in the history of Pakistan and the second most important by China in the country after Karakorum Highway. It is not only a sea port at the mouth of Persian Gulf but a future commercial trade hub.

The project includes country's largest oil refinery, an intricate web of roads and railroads, and an international airport under construction to be completed in 2014, housing societies, schools, hospitals, businesses, hotels and busy life full of happiness.

These modernization and development initiatives would completely transform the traditional social life of local Baloch. Infrastructural development will connect far-flung areas of Balochistan to the mainstream cities and the rest of the world. The old fishing village is completely transforming.

A rapid increase in the real state is Bloch economy. Tremendous future economic activities in the region will alleviate poverty. Federal Bureau of Statistics Pakistan report issued in 2011shows how employment ratio has increased since the inception of Gwadar port project:

Total Employment in The Gwadar Region (1982-2010)



Source: Federal Bureau of Statistics Pakistan 2011.

The government has already declared tourism as an industry and is taking practical steps in this regard. A number of facilities have been announced as incentives like 30 days visa at airport, charter flights, helicopter services etc. in Gwadar, Pakistan Tourism Development Corporation (PTDC) has four acres of land earmarked at a prime location in Gwadar approved for construction. Moreover, government has very much interested to attract investors to undertake various projected with added incentives. As perceived much of tourists' flow would take place after completion of port.

Trade Forecast

*Central Asian Republics Afghanistan, and China will be the main source of trading through Gwadar. Till year 2015, the estimated cargo which will be handled at Gwadar is as under:*¹³

Table 1

Category in Million Tonnes	Year		
	2005	2010	2015
Dry Cargo	3.96	4.74	5.77
Liquid Cargo	16.62	17.54	18.77
Container (1000 TEUs)	200	241	295
Trans-shipment (1000	200	250	300

¹³ Ismat Sabir, "Gwadar A Suez to Pakistan," *The Financial Daily* (Islamabad), July 25, 2013, accessed on July 25, 2013, www.thefinancialdaily.com/NewsDetail/157835.aspx

TEUs)			
Proven Reserves, Central Asia			
Country	Crude Oil in Million Barrels	Natural Gas in Trillion Cubic Feet	Coal in Million Short Tons
Kazakhstan	5,417	65	37,479
Kyrgyzstan	40	0.2	895
Tajikistan	12	0.2	Minimal
Turkmenistan	546	101	Minimal
Uzbekistan	594	66.2	Minimal
Total	6,609 Million barrels	232 Trillion cu ft	38,374 Million tons

Central Asian Republics, Afghanistan and China will be the main source of trading through Gwadar. Till year 2015, the estimated cargo which will be handled at Gwadar is as under¹⁴:-

Table 2

Source: Energy Information Administration- www.eia.doe.gov

Country	Petroleum (Thousand Barrels/ Day)	Natural Gas (Billion Cubic Feet)	Coal (Million Short Tons)	Crude Oil Refining Capacity, (Thousand Barrels / Day)
Kazakhstan	811	314.3	82.4	427
Kyrgyzstan	2.1	0.5	0.8	10
Tajikistan	0.4	1.4	0.02	0.4
Turkmenistan	159	1,642	0	237
Uzbekistan	137	1,992	3.3	222

CARs Trade Prospect

The Central Asian Republics comprising of Turkmenistan, Tajikistan, Kirghizstan, Kazakhstan and Tajikistan whose total population is approximately 65 million, have considerable amount of oil and gas reserve. "All the five Central Asian states after independence have been firm to find their rightful place in the region's political and economic configuration under

¹⁴ Energy Information Administration, May 2002, accessed on June 23, 2013, available at www.eia.doe.gov.

the new circumstances, and become active members of the world community".¹⁵

Uzbekistan, Turkmenistan and Tajikistan are the countries which are located in close proximity of Pakistan. Since Tajikistan, Turkmenistan and Uzbekistan are closely located with Pakistan therefore they will be more dependent on Gwadar port. Approximately the trade in the area, is estimated as much as 20 Billion US dollars whose volume is around 80 million freight tons, out of which 12 Billion US dollars is of the export¹⁶.

The shipment which are taking place in term of electronic items, garments and goods, out of which the main focus in relation to the exports are metal ores, oil, gas and cotton. The route from Turkmenistan to Gwadar is as short as 1200 kilometers comparing to the port of Ukraine i.e. Odessa which is around 3400 kilometers (map at Figure 1):

Figure 1



Therefore Gwadar has become the favorable choice with Central Asian Republics. In this direction a high way which is 500 kilometers long connecting CARs with Gwadar via Panjgur-Rabat-Herat has also been planned.

Trade Prospect with China

Gwadar port is being constructed due to China trade prospects. Also, "in case Malacca Strait is blocked by U.S, Gwadar can serve as an alternate route for Chinese trade in the Indian Ocean and to West Asia".¹⁷ The Eastern part of China has much developed in comparison with Western part. However

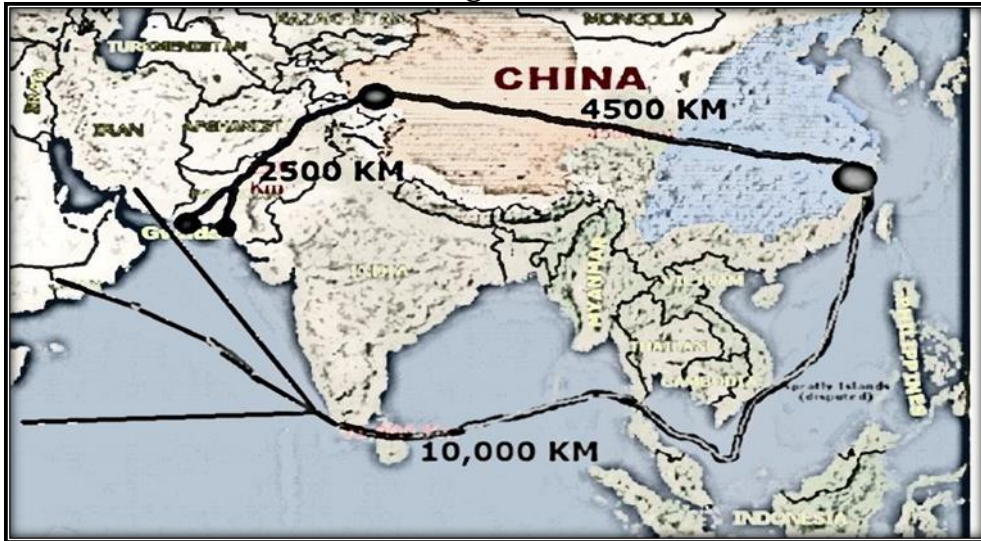
¹⁵ Statement by Nurmurad Durdayev in International Seminar on Central Asia, Area Study Centre, Peshawar University, Peshawar, 7-9 October 1997.

¹⁶ www.atimes.com/atimes/South_Asia/DK14Df02.html

¹⁷ Ibid., Hasan Yaser Malik, "Strategic Importance of Gwadar Port,".

the Western part provides huge market, cheaper labour force and rich natural resources. China would preferred to use Gwadar port for the economic activities from western part (Xinjiang autonomous region) which is at a distance of approximately 4500 kilometers from Gwadar port comparing to the Country Eastern port which is at distance of around 10,000 kilometers from western region of China. We had the Silk route in shape off Karakoram High Way which is connecting Pakistan with Western Part of China; the same route would be extended to Gwadar via Ratodero and Khuzdar.

Figure 2



Trade Prospects with Afghanistan

Afghanistan after having been placed on a path of development is in desperate need of looking for new avenues for boosting its economy. Afghanistan has much of natural resources in which the prominent are huge deposits of copper, high-grade iron ore, chromite, sulphur, zinc, precious stones, coal, oil and gas. When law and order situation of Afghanistan will improve, subsequently the economic activities will be at high swing via Gwadar port. US has approved 1.4 Billion US dollars to Afghanistan for the Afghan gas pipeline¹⁸. A huge economic benefits as perceived would start when the gas pipeline would be supplying around 30 billion cubic meter gas per year from Turkmenistan to Gwadar. US company like UNOCAL and AMOCO had already been spending 30 Billion US dollars in Central Asian Region, instead of going through 1500 kilometres Georgia – Turkey project, the Gwadar port would save much of cost towards this end.

¹⁸ Available at www.pakistaneconomist.com/page/issue01/i&e3.htm. Accessed on July_22,2013.

Iranian Interest in the Region

Iran enjoys fairly close economic and political cooperation with the Central Asian States of Turkmenistan, Tajikistan and Uzbekistan. In January 2001, Iran finalized a deal with Turkey for the opening of a railway line extending from Alma-Ata (Kazakhstan) via Tashkent (Uzbekistan) and Tehran to Istanbul, which would then connect the economies of central Asia and Europe. If she succeeded in establishing a route for oil, gas and other commodities with the central Asian States and further to Europe through ports like Chabahar, then she will become a country of central importance in the region. Hassan (2012) further underpins the importance of Iran to the CARs, the latter though might be emancipated from the yoke of Soviet Russia, yet Moscow would not totally conceal the fact that CARs has entered a dawn of political self-reliance. This propensity displays the reason why the CARs would want independence in true spirit from Russian hegemony. Hence, Iran's proximity according to Hassan presents an alternative in the form of Chabahar to the Central Asian countries. Although this has yet to take a manifested body, giving the complexity of issues surrounding Iran, thereby the Gwadar port becomes the next best alternative. Such conflicting alternative is not unlikely to clash the interest of Iran and Pakistan over who should get the benefits of being used as economic transit route by the CARs.¹⁹ Therefore, despite the level of relations between Tehran and Islamabad, the conflicting interest might cause Iran to resent the idea that Gwadar becomes a reality port or even the idea of totally transferring it to China, which could make the port more sensitivity and trigger regional and global debate.

Regional and international Interest in Baluchistan

The US, after almost 11 years of war and bloodshed, has been unable to maintain peace and stability in Afghanistan and provided few positive impacts in the region. The leftovers of the US and Allied Troops (troops numbering between 13,000 to 14,000) and private contractors will not be enough to secure Western interests in the region. However, foreign intelligence agencies with an interest in the region will combine their capacity and reach to create mischief that would still be significant and multidimensional. Their collective main aim could, therefore, be to deny this strategic space (Afghanistan, APR) to any regional power or bloc - China, Russia or the SCO.

In this context, secret diplomacy of the past is also being applied. Despite the fast development projects in Pakistan's largest province of Balochistan and supply of various services to its local people by Pakistan's civil and military authorities to remove an exaggerated 'sense of deprivation', the American CIA, Indian secret RAW, and Israeli Mossad have accelerated their

¹⁹ Ibid., Hasan Yaser Malik, "Strategic Importance of Gwadar Port,".

<http://pu.edu.pk/images/journal/pols/pdf-files/gwadar%20article-winter2012.pdf>

common plot against Balochistan as part of the cold war in order to obtain their secret collective designs against the integrity of Pakistan.

It is worth mentioning the ideal geostrategic location of Balochistan with Gwadar seaport at its south could prove to be Pakistan's key junction, connecting the world with Central Asia. It is due to numerous strategic benefits that the US, which signed a nuclear deal with India in 2008, intends to control Balochistan as an independent state in counter-balancing China and containing Iran. Owing to these reasons, the US and India are creating instability in the province by backing Baloch separatists to complete their hidden agenda. It was also due to the Pak-China deal in connection with the Saindak project that the above mentioned secret agencies increased their covert support for separatist elements of Balochistan in order to continue subversive acts in the region which are working against the friendly relationship of Pakistan with China and Iran. In the past few years, their militants have kidnapped and killed many Chinese and Iranian nationals in Pakistan. In this regard, the terrorist outfit "Jundollah arranged a number of suicide attacks in Iran, while Tehran directly named CIA for patronage of those attacks"²⁰.

As part of the new cold war, the main aim of these foreign secret agencies is to create instability and insecurity in Balochistan which, besides other aspects, is notably replete with diversified minerals.²¹ However, we have to crush the conspiracies for the advancement of our national interests. In order to do that, the nation will have to differentiate between the covert enemies and the real friends, domestically as well as across borders.²²

The Way forward

Pakistan was the first Islamic country, the second Commonwealth and the third non-Communist country to recognize the newly established People's Republic of China on January 4, 1950. Collaboration between the two countries is multi-faceted, involving the political, economic, technological, defence, infrastructural, educational and energy arenas. Recent strides have been in cross-cultural and people-to-people relationship. Common geo-political interests, common geo-strategic concerns, and a common vision for the future of the region form the foundations of bilateral cooperation. Indeed, ever since the establishment of diplomatic ties in 1951 between Pakistan and China, this friendship has progressed greatly from mere good neighbourly relations to a strategic partnership based on common interests, mutual trust and

20 Parisa Hafezi "Jundollah bombs kill 28 in Iran," Reuters, July 16, 2010
<http://www.reuters.com/article/2010/07/16/us-iran-bomb>

21 Sajjad Shaukat, "A Cold war over Balochistan's mineral resources," *Frontier Post*, (Lahore), June 10, 2011.

22 Raja Muhammad Khan, "Making an apt use of Gwadar Port," *Pakistan Observer* (Islamabad), July 10, 2013.

unequivocal support on all core concerns²³. With the regional scenario in Asia evolving over the past several years, particularly in the wake of the so called War on Terror, a new set of regional dynamics have emerged which not only impact, but are also impacted by, the close ties between China and Pakistan. These ramifications are not limited to the core states involved but also have implications for the broader Asian region. In the wordings of Chinese Ambassador to Pakistan Liu Jian, Sino-Pak relationship has “gone beyond bilateral dimensions and acquired broader regional and international ramifications.”²⁴

As cooperation between both countries has deepened, expanding and evolving in accordance with the dictates of new geo-political, geo-strategic and geo-economic realities, certain states have sounded alarm bells. The concerns voiced by these countries stem from a twisted perception of the political compulsions and strategic interests of both China and Pakistan, and the corresponding decisions they undertake. Moreover, these perceptions and the responses they generate are also conditioned by hard facts such as Pakistan’s geographical and strategic location, the prevailing security environment in the region, and the respective interests of two major players, India and the U.S., both of which have a history of multifaceted relations with Pakistan as well as China. India always has an apprehensive mindset about the Sino-Pak relationship. In October 2010, the Indian Army Chief described Pakistan and China as the two irritants and the two greatest threats to the national security of India. Indian Military strategists even made strategies to fight a two fronts war; against Pakistan and China. In November 2011, Indian Foreign Secretary said in an address to the national Defence College, New Delhi, that, “The close military and strategic ties between China and Pakistan impacts on our security environment.”

Apart from defense and economic cooperation, between Pakistan and China is also being viewed with misgiving by India and other major powers. For long Gwadar has been viewed as a key location with great potential to become a major regional commercial and transshipment hub. “India is keen in looking for ways to extract economic benefits from Central Asia. India’s announcement of a plan to construct a railway line connecting South and Central Asia is an example of this strategy. This railway project could not materialize for apparent geographical reasons, as India does not share any borders with the Central Asian region, thus bypassing Pakistan is a major concern. Nonetheless, Gwadar is in the interest of all the stakeholders in the region for economic development, peace and prosperity in the region.

²³ IPRI Fact file, “China-Pakistan Relations a Profile of Friendship,” (Islamabad: 2013), accessed on July 10, 2013, <http://www.ipripak.org/factfiles/ff60.shtml>

²⁴ “Pakistan, China resolve to consolidate strategic Ties; Joint Statement Issued,” *Pakistan Times*(Islamabad), May 6, 2013, accessed on June 4, 2013, <http://www.pakistantimes.net/pt/detail.php?newsId=17381>

The United States has lost on two major fronts, Iraq and Afghanistan and will maintain its presence in the region despite the withdrawal of forces next year. India, on the other hand is involved in the participation in the Chabahar port project — a move that would reinforce New Delhi's strategic ties with Tehran and Kabul ahead of the 2014 "honorable" exit from Afghanistan by the U.S.

Gwadar also facilitates China in diversifying the existing routes of oil imports and is part of the steps it is undertaking to protect existing and newly emerging energy routes. Most of its crucial oil imports that fuel its burgeoning economy travel from the Middle East, Sudan and Angola, and across the Indian Ocean. For this, the fuel has to pass through the pirate-infested waters of the Malacca Strait; dominated by Indian and US navies. The only alternate is via the shipping lanes of the Strait of Taiwan, which plays host to a U.S. presence. Indeed, this is China's Malacca Dilemma. Gwadar Port would provide a third alternative. Crude oil can be shipped over land to Gwadar from the Gulf and CARs directly to Xinjiang. This would not only reduce freight costs and security, but would also significantly lessen the supply time. As a shipping hub, Gwadar holds the potential not only for fostering the establishment of shipping related industry but would also expand opportunities to explore Balochistan's enormous untapped reserves of natural resources. Thus, would give huge economic benefit to the region and the stakeholders.

Owing to US presence in Afghanistan and Indo-US strategic alliance, the security dynamics of the region cannot be analysed without a clear understanding of the key relationships that define it, i.e. the bilateral relationships between Pakistan, China, India and the United States. This set of bilateral relation and ties is a complex web of cooperation, suspicion, economic interdependence, and common or opposing geo-political and geo-strategic concerns, all interwoven so closely that progress or decline in one bilateral relationship has direct implications for the other ties.

Recently, on 22 May 2013, Pakistan and China signed 11 agreements, Memoranda of Understanding (MoU) and documents to strengthen and diversify cooperation in economy, science and technology, space and upper atmosphere communication and boundary management...The agreements also include those on economic and technical cooperation, boundary management system, Sino-Pak Border Posts and their Management System, satellite navigation, and establishment of Confucius Institute at Karachi University".²⁵

It has a constructive role in the socio-economic uplift of Balochistan and Pakistan. Gwadar deep sea port is one of the largest infrastructural projects in the history of Pakistan. It is not only a sea port at the mouth of Persian Gulf but a future commercial trade hub. Gwadar Port Project is going to transform the social, economic and political life of

²⁵ "Pakistan china sign Memoranda of Understanding", *Nation* (Islamabad), May 22,2013, accessed on June 13, 2013, <http://www.nation.com.pk/pakistan-news-newspaper-daily-english-online/national/22-May-2013/pakistan-china-sign-11-mous>

an ordinary Baloch. The regional and international players have their stakes, and the imminence of Sino-Pak relationship is contrary to their long-term objectives in the region. They will go all out to keep China away from any strategic project that does not serve their purpose, thus would create snag and inklings. Irrespective of impediments and irritants, the bases of Sino-Pak relations are strong enough to stand the test and trials of the contemporary challenges. Indeed, the all-weather nature of Sino-Pak relationship has the potential to convert challenges into opportunities.

Conclusion

China is the one of the few countries in the world which has made optimal use of geography for its strategic advantage. It has established cordial relations with majority of its neighbours and regional countries based on common interests. This interdependence resulting from economic and security partnerships often claimed as a diplomatic and economic victory for China. The collaboration by China in Gwadar recently, resulted in the propaganda by the Indian and western media that, "China harbours the intention to build naval bases there". Indeed it was a resumption of the old jargon, 'String of Pearls concept' that China rejected times and again. It is indeed a concept jointly crafted by the Indian and the US strategist's way back in late 1990s and in near future, Gwadar acting as a regional trade corridor is a hard pill to swallow. China denies any military ambitions, claiming that it seeks a "harmonious ocean".²⁶

The strategically located Gwadar port is primarily meant for the economic and socio-political needs of Pakistan that would also provide an easy excess to China for the overland transportation of its energy resources from Gulf and Central Asia. Apart from this, Pakistan is the only country who has suffered the most, more than any other country due to the so called war on terror. The economy has suffered direct and indirect losses of billion of dollars and more than 50,000 plus casualties including civilians and military personals after the invasion of Afghanistan by the US and NATO forces. Despite the fact it is in the interest of Pakistan to take bold steps to sustain its deteriorating economy and to bring harmony and peace in the region, after more than a decade long war and chaos in its eastern

²⁶ Martin W. Lewis, "Balochistan and a New "Great Game" in Central Asia?," Geocurrents, May 20, 2011, accessed on June 29, 2013, <http://www.geocurrents.info/geopolitics/balochistan-and-a-new-great-game-in-central-asia>.

borders. The concept of 'string of pearls' and the notion that Gwadar will become military post is based on propaganda. Chinese policy is based on the use of soft power approach and peaceful rise with economic cooperation and interdependence; a win-win situation for all.

The regional and international players have their stakes, and the imminence of Sino-Pak relations is contrary to their long-term objectives in the region. They will go all out to keep China away from any strategic project that does not serve their purpose, thus would create snag and inkling. Irrespective of impediments and irritants, the bases of Sino-Pak relations are strong enough to stand the test and trials of the contemporary challenges. Indeed, the all-weather nature of Sino-Pak relations has the potential to convert challenges into opportunities.

