

Report: Roundtable on “Development of Gwadar Port and its Geopolitical and Geoeconomic Significance” with Cdr. (Retd.) Azhar Ahmad on January 21, 2014.

Gwadar could be the key to Pakistan’s economic turnaround

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ISLAMABAD: Gwadar is located ideally in the Arabian Sea near the entrance of the Persian Gulf through the Straits of Hormuz. It has great economic as well as security potential for the future of Pakistan. These views were expressed by Cdr. (Retd.) Azhar Ahmad at a roundtable at the Institute of Regional Studies (IRS) on “Development of Gwadar Port and its Geopolitical and Geoeconomic Significance” here on Tuesday.

Cdr. (Retd.) Ahmad underscored the great economic potential of the Gwadar port for the western part of China where China is already building Special Economic Zones (SEZs) in places like Kashgar close to the border with Pakistan. Cdr. (Retd.) Ahmad asserted that operationalization of Gwadar and efficient utilization of the trade corridor would enable Chinese traders to save thousands of kilometers of distance and several days of time. “It makes great economic sense for China to develop Gwadar,” he said.

Cdr. (Retd.) Ahmad cautioned, however, that Gwadar would only be feasible for trade with China if the road network linking Pakistan with China is augmented with a rail-link between the two countries, and perhaps also an oil or gas pipeline connection. He said that the railway line linking Gwadar and China could be operated by a Chinese company or some other private company, if Pakistan Railways did not prove adequate for the job. He did show optimism about revival of Pakistan Railways though.

Cdr. (Retd.) Ahmad maintained that the Iranian port of Chabahar and Gwadar will not come into zero-sum competition when both the ports are fully operational. He argued that Chabahar could present CARs with an opportunity to access warm water—provided the former’s relations with the West are steadily improved—but that Iran could not do the same for China because—unlike Pakistan—it did not share border with it. This, to Cdr. (Retd.) Ahmad’s understanding, precluded any sense of competition between the two ports. He further added that with the Chinese plans of building SEZs in Xinjiang and linking its western underdeveloped parts with CARs, both the ports would have such a great trade potential that they might find it difficult to manage all the trade flow even combined. Cdr. (Retd.) Ahmad went a step ahead by suggesting that regional players could be made partners in the project rather than competitors. He proposed inviting regional countries like Iran, Oman, and UAE etc. to operate their own terminals at the port.

Cdr. (Retd.) Ahmad underscored the importance of provision of state-of-the-art facilities in Gwadar for it to be an effective trading hub though. He maintained that Gwadar is expected to be hosting a population of 1.7 million people with its full-blown operationalization with an annual cargo handling of 42 to 65 million tons in 15 years. For this, he argued, all sorts of facilities like provision of water, power, communication networks etc. will have to be properly planned and developed. He added, however, that Gwadar had already developed considerably since the groundbreaking in 2002.

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Cdr. (Retd.) Ahmad called for engaging the local population of Gwadar in particular and Baluchistan in general in the port project, even if it required educating and training them for the jobs. He shared that already a sizeable proportion of the workforce in Gwadar was local. He dispelled the impression of high number of terrorist attacks in and around Gwadar. Cdr. (Retd.) Ahmad was of the view that there has only been one terrorist attack in Gwadar in 2004 in which some Chinese were injured. He claimed that all the rest of the terrorist attacks that are claimed to have occurred in Gwadar in the foreign media actually occur dozens, and at times hundreds, of miles away from the Gwadar city.

Cdr. (Retd.) Ahmad was of the view that the security aspect of Gwadar port is at times overlooked. He argued that since Gwadar is 750 km away from the nearest Indian airbase, it provides a second line of defense for the Pakistan Navy in case of an Indian attack on Karachi. He further added that after the successful completion of Gwadar, cargo ships coming from the west, especially oil tankers coming from the straits of Hormuz, will be able to offload at Gwadar rather than going all the way to Karachi and requiring Pakistan Navy to escort them. Cdr. (Retd.) Ahmad also highlighted the importance of Gwadar port for monitoring the maritime activity along the coast of Pakistan, since a great percentage of maritime traffic emanating out of the Persian Gulf has to pass in the vicinity.

Elucidating upon the earlier developments on the project, Cdr. (Retd.) Ahmad shared that the development of Gwadar as a deep sea port was envisioned as early as 1993, soon after the disintegration of USSR because the port was viewed instrumental in connecting the Central Asian Republics (CARs) with the warm waters of the Arabian Sea. The actual groundbreaking, however, had to wait for another nine years and took place in 2002. By 2005, according to Cdr. (Retd.) Ahmad, the Chinese company responsible for the development of the port had completed the Phase I or the project at the cost of \$ 287 million, but in 2007 it was given to Port of Singapore Authority (PSA) Gwadar. He further shared that the port was given Chinese Overseas Port Holdings Company (COPHL) in 2012 after the PSA Gwadar failed to further develop the port. Cdr. (Retd.) Ahmad stated that since March 2008 only 150 ships had arrived in Gwadar carrying mainly wheat, urea, or cranes, and that all of it was government cargo without any private shipping activity. He shared that the estimated cost of Phase II of the development of Gwadar port is \$ 932 million and that it envisages accommodation of 4th generation ships.

Cdr. (Retd.) Ahmad contested some of the generally held notions about the history of Gwadar from the colonial period. He was of the view that Gwadar was given to the Taimur Sultan of Muscat in the late 18th century by the British rulers of India. He dismissed the impression that Gwadar was gifted by the Khan of Kalat to the Taimur Sultan. He further shared that when the British colonial masters of India were leaving, the Khan of Kalat asked for the return of Gwadar, but that the British government was reluctant to hand Gwadar back to the Khan because they were aware of the geopolitical importance of the port. Eventually, Cdr. (Retd.) Ahmad said, Pakistan had to pay £ 30 million for purchasing its own land back from Oman.

Cdr. (Retd.) Ahmad argued that Pakistan will have to deal with its internal security dilemma to become an effective trade corridor for China and CARs. He called for greater political will for resolving Pakistan’s internal security challenges.

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Other participants of the roundtable discussion included: Brig. (Retd.) Bashir Ahmed, Acting President of IRS; former diplomat Amb. Qurban, Dr. Mavara Inayat from the Quaid-i-Azam University, and Mr. Khalid Malik, Mr. Aarish Khan, Ms. Heba al Adawy, Mr. Basharat Hussain, Mr. Imran Sardar, Ms. Sidra Tariq, and Ms. Humera Iqbal, from IRS.