

2012

# PARLIAMENTARY COMMITTEE REPORT ON GWADAR

## STRATEGIC IMPORTANCE, PROBLEMS AND SOLUTIONS

Gwadar possesses tremendous potential for becoming the next major economic hub of South Asia due to its strategic positioning, however, the same strategic positioning presents Gwadar with serious challenges. This report deals with the importance of Gwadar, its major problems and practical solutions to those problems.



# ABSTRACT

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Geographical environment is considered as one of the important factors influencing the development of human society. The most critical element of the environment is the sea, which occupies almost three-quarters of the surface of earth. Approximately 70% of the world's population dwells within 100 miles of a coastline. The seas are thus great highways that provide vital strategic access to the centres of populace and to governments. Historically civilizations have emerged and developed on shores of the seas and oceans. From times immemorial, sea-faring nations have always been prosperous and economically stronger than others.

Pakistan is blessed with sea frontage of 1,046 Kms stretching to the West and Southeast axis. About 36,000 ships transit through our area of interest each year. A number of potential port sites exist along our coast, out of which so far Karachi and Port Qasim have been developed as full-fledged commercial ports, whereas Ormara is being developed as second naval base. A few years back the government decided to develop Gwadar as a new port with the help of China, which is of great importance not only for Pakistan but for the entire region.

This paper deals with the strategic importance of Gwadar, the problem it faces today and aims to pen all the possible and practical remedies for Gwadar's problems.

# STRATEGIC IMPORTANCE OF GWADER FOR PAKISTAN

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Gwadar port is located about 267 NM West of Karachi. Because of its ideal location at the mouth of gulf and opposite strategic choke points of Strait of Hormuz and Gulf of Oman the port is visualized to become a regional hub serving incoming and outgoing commercial traffic of Middle East and Gulf countries. The new port of Gwadar will supplement Karachi Port and Port Qasim. It will attract transit and trans-shipment trade from over twenty countries including Srilanka, Bangladesh, Oman, UAE, Saudi Arabia, Qatar, Iraq and Iran. These countries may open their warehouses in Gwadar for export of goods and storing of imported goods for later shipment to their countries.

Being only 180 miles away from the exit of Straits of Hormuz (through which 40% of world oil passes) would enable Pakistan to take control over world energy-jugular and interdiction of Indian tankers. Gwadar Port can serve as the key shipping hub in the area by providing mass trade to Central Asian countries as well as across Pakistan and China. Gwader's strategic value has been acknowledged by China. China has also displayed interested in turning Gwader into an energy hub by building an oil pipeline from Gwader into China. The pipeline will carry crude oil sourced from Arab and African states. Such transport by pipeline will cut freight costs and commercially it is hoped that Gwader Port would generated million jobs. Currently all the imports of China from the Middle East travel across India and reach China through the South-China Sea. Shanghai Port is about 16,000 kilometer away from Chinese industrial areas whereas Gwadar port is only at a distance of 2,500 kilometer from China. The distance from Kashgar to Chinese east coast port is 3,500 kilometer, whereas the distance from Kashgar to Gwadar is only 1,500 kilometer, clearly indicating a clear advantage for China. Due to Gwadar's strategic geographical position, in case of any major war Pakistan Navy will not get blockade. With all the navy ships concentrated at Karachi

port, a blockade of Pakistan had been quite easy in the past. Gwadar port is approximately 450 kilometers further away from Indian Border than the Karachi Port.

Gwader would also serve as the jewel in Pakistan's economy despite its other strategic advantages. Gwader possesses an immense strategic lure and could emerge as a key shipping point, bringing Pakistan the much needed income. If it is combined with the surrounding areas through communications infrastructure, it can become a the new Asian trade hub.

Through the Gwader port, goods, oil and gas reserves from Middle Eastern and Central Asian countries could be shipped to global markets. It will be a lucrative export processing zone and a free trade zone. It will promote trade and transport especially with central Asian countries and all this will result in the socio- economic uplift of the Balochistan province. Shipping related industries can also be established in Gwader. This will also reduce the congestion and dependency on existing ports Complex at Karachi. Fisheries are the main economic activity in Gwadar, followed by agriculture, livestock farming, and Governmental and social services. About one quarter of the total national fish catch is produced from the Coast of Gwadar district. A vast majority of the population is involved in fisheries. According to the 1981 census, the major economic Activity in Gwadar district was "Agriculture, forestry, hunting and Fishing" followed by "Construction" and then by "Community, social, And personal services".

# PRESENT SITUATION OF GWADER

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It is unfortunate to witness that Gwader has not lived upto its potential. Today, the port has been completed and is ready for operation but Gwadar Looks more like a ghost town than a gold-rush town. Empty plots of enough, instead of handing the port over to the Chinese government, it was leased out to the Singapore government three years ago. It is only used at half its capacity and the cranes are already getting rusty from lack of use. It seems like a deserted town where outsiders are looked upon with suspicion. Most of the educated young people have moved out to look for jobs in the other big towns and cities of Pakistan.

The new and luxurious Pearl Continental Hotel built on a cliff overlooking the port and the Town below is empty - it has been closed down for "renovations". Road leading to the small airport outside the town is heavily guarded by security forces. There are no tourists now - most have been scared off by the attacks. Foreigners do not dare to venture here either.

# MAJOR IMPEDIMENTS IN GWADARS SUCCESS

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- One of the major hindrances in operation of Gwader port is the security concerns. Presently, the foreign investors and engineers are hesitant to work in a hostile environment, as witnessed in the past several Chinese engineers have been kidnapped earlier by militia-men. The security situation is a result of mis-interpretation on the part of rebels and lack of communication on the part of the official authorities. Currently, those who destabilize Gwader view it as a plot to turn the Baloch into a minority; therefore, they try to create problems in Gwader project.
- Lack of infrastructure is another problem facing Gwader today, although in previous Government, sufficient amount of budget was allocated to the development of Infrastructure such as road from Karachi to Gwader, however, the present Government has remained unable to resolve the problems and carry forward the work with similar zeal. Today, Gwader lacks communications network like Railways and road links to carry forward the work efficiently and effectively.
- Southern Afghanistan is not ready to be a reliable transport corridor for Pakistan for access to central Asia despite Afghan Government's voiced support for this project.
- Gwader's strategic importance and significant advantage to China in the wake of a new cold war (economic) between China and USA, causes concerns for the United States, which inflates the problems for Pakistan rendering it unable to attain easy foreign funding for its development projects.

# REMEDIES TO GWADERS IMPEDIMENTS

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- It is vital for the authorities to understand that an armed action against the militia-men is neither a viable nor a long lasting solution; therefore, one should strive to bring the aggrieved party on to the negotiation table, and assure them that their rights will not be taken away. Similarly, an effort should be made to put their own stake in the development of Gwader port, which would cause them to cooperate and protect the project. They should be informed that the new jobs that will be made available due to growth will be preferred for the local Baloch of the area, similarly, new opportunities will arise and it is the Baloch people who will eventually benefit from the creation of Gwader port. All possible measures should be considered to engage the Baloch people into the dialogue process.
- People of Gwader and Balochistan should be the biggest beneficiaries of Gwader project and they should be allowed to reap the benefits of this mega project which is established on their land.
- In order to create mass awareness, projects should be launched to muster support of the local Baloch people, and at the same time, efforts should be made to assure the Baloch people that their rights will be safeguarded.
- Creation of basic infrastructure such as School, colleges, universities, road, railways, airport, should be completed on top priority basis.
- On a priority basis the government shall complete the ongoing national highway projects to connect Gwader to the national and international markets. i.e. Gwader to Rathodero road.

- The main concern of the local people that they will be converted into minority after people moving to Gwader shall be addressed and they assured that people other than the locals will not be given the voting rights.
- All land allotments to the non Baloch people shall be declared null and void.
- Baloch Nationalist parties shall be taken on board before any development in whole Gwader district.