

The Potential and Prospects of Gwadar Port

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Abstract

Gwadar Port has huge potential of transforming not only the economy of Pakistan, but also the region. This paper highlights the future scenario of energy transactions for both China and Pakistan, and looks at how Gwadar Port can revive the economy of Pakistan under the fast growing mutual interdependence between the two countries. The connectivity will greatly impact upon the economy of Pakistan as China will invest huge sum of capital in terms of investment, assistance, and transfer of technology in building many mega-projects over a long period of time. Based upon the literature review, the paper also investigates into the vital role Gwadar Port could play in regional economic integration of South and Central Asia.

Keywords: Balochistan, Gwadar Port, CPEC, energy, geo-strategic, challenges.

Introduction

Pakistan is one of the most strategically significant countries in the region. The geo-strategic position of Pakistan will play a vital role in the future regional economic outlook. For China, the strategic location of Pakistan is vital in formulating its future strategy in the region and, therefore, China and Pakistan have agreed on constructing the economic corridor from Gwadar to Kashghar.

The corridor will help to generate economic activities through a land route connecting Kashghar with Gwadar, where China has already established an economic zone. It will also reduce sea transportation distance by more than 4,500 nautical miles from Shanghai to major ports of the Gulf region.¹ The Gwadar-Kashghar link actually shows the concept

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of a 'shared-destiny' that is being discussed nowadays by leadership of both countries.

Gwadar was a small fishing town. The United States Geological Survey (USGS) conducted a report on the coastal line of Pakistan in 1954, which identified Gwadar as an appropriate site for building a sea port without much financial cost. Later, Pakistan purchased Gwadar from the Sultanate of Oman in 1958 and included it as its territory. It was in 1964 that the Government of Pakistan decided to transform Gwadar into a world class sea port. Simultaneously, the Government of Pakistan drew up plans for the development of two sea ports, namely, Port Qasim and Gwadar, aiming to reduce Pakistan's economic and naval dependency on the Karachi port. Later, in 1993, a technical and financial study was conducted on the construction of Gwadar Port, which endorsed that Gwadar, having a significant geo-strategic point, may become vital for regional trade.² This shows the geographical and economic significance of Gwadar Port.

The construction of the port commenced in March 2002, when it was handed over to the Port Authority of Singapore (PSA). The first phase of the project was completed in December 2006, which covered building of three multipurpose berths and other related infrastructure. The port was inaugurated by then President, General Pervez Musharraf in March 2007. Construction on the second phase of the port began in 2007, and continues to date. Following the failure of the PSA to make the port operational, the construction of the port was handed over to a state-run Chinese firm - China Overseas Port Holding Company (COPHC) - in 2013. The construction of the port has prompted other major infrastructure projects in the area. This includes the 700 km Makran Coastal Highway which has now been completed. The road links Karachi with the coast in Balochistan including Ormara, Pasni, and Gwadar. The highway has reduced travel time to Karachi from 48 hours to only 7 hours. Other road projects include the Gwadar-Quetta-Chaman road and the Gwadar-Panjgur and Khuzdar road which is being constructed by Frontier Works Organization (FWO). This will greatly facilitate trade and transportation from Gwadar Port to Quetta, and further to Afghanistan and Central Asian Republics. The construction of the roads will also benefit upcountry logistics as a 100 km link from Basima to Khuzdar will

connect it with the Indus Highway and complete the access of Pakistan-China Economic Corridor's western route from Gwadar to Khunjerab.³

In February 2013, China pledged monetary funding and technical assistance for the construction and the up-gradation projects of Gwadar Port. During a visit to Pakistan in May 2013, Chinese Premier, Li Keqiang, made historical remarks that China would give Pakistan support and assistance.⁴ The Government of Pakistan realised that Chinese assistance will come in developmental sectors, which will accelerate economic activities in Pakistan. Chinese workers are already assisting in construction of highways, dams and other infrastructure related projects in Pakistan. The Government of Pakistan welcomes Chinese commitment as it desires to become a large scale sea-borne trade and investment center for the region and the world at large. Encouraging initial progress has been made by both Pakistan and China.

Interdependence is a modern concept and it negates dependence as an out-dated colonial economic concept. Sovereign states encourage economic interaction to achieve real economic growth. Smaller states can promote economic development on the basis of interdependence with a relatively developed and a powerful country. Economic interdependence among nations increases integration, trade promotion, and many related activities such as investment flow, transfer of technology, building of new economic infrastructure, new job opportunities, and industries.⁵

The development of Gwadar Port and the China-Pakistan Economic Corridor (CPEC) should be seen within this concept. Above all, as both Pakistan and China are close strategic partners, creation of economic interdependence between them is an easy task. The geographical proximity and the opportunity to develop the least developed parts of China and Pakistan allow them to foster economic interdependence for mutual economic advantage.

The economic development of Pakistan is in China's key interest as both are the most reliable partners. China also feels that stability in Pakistan could be achieved through economic development. This would also help in addressing the issue of separatism and terrorism in western China. As mentioned earlier that energy security and geographical

reduction of distance are important elements which drew the attention of Chinese leadership in order to enter multiple economic agreements with Pakistan and to initiate the China-Pakistan Economic Corridor (CPEC). China is fully aware of the economic benefits that these projects will bring to both Pakistan and China. On the other hand, this would also bring China into competition with India and the United States as both these countries would resist Chinese presence⁶ in the Indian Ocean. Moreover, China's engagement with Pakistan gives an opportunity to counter-balance the Indian-American pressure. At the same time, Pakistan has its own interest to pursue a closer economic relationship with China to offset pressures in the region. Therefore, strategically both Pakistan and China can cultivate strong economic and strategic benefits from Gwadar Port and the CPEC.

This paper will address the following questions: What is the role of Gwadar Port in the development of Balochistan within the context of the economy of Pakistan? How the China-Pakistan Economic Corridor will be significant for their mutual relations particularly in projects like railways, roads, and energy pipelines in the 21st century? What challenges the corridor will face and how to address them?

Geo-Strategic Importance of Gwadar Port

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 the earth. The next few decades are likely to see a struggle among powers to secure routes for transportation of resources. We have already seen a competition to control choke points, ports and connecting routes. This contest will intensify in the near future. Indian Ocean has already become a stage of geopolitical competition because of the abundant natural resources it holds. The littoral countries of the Indian Ocean are also seen with gradual rise in their power. Located at the top position of North Arabia sea, Gwadar helps Pakistan connect with four important and resource-rich regions of the world: South Asia, China, Central Asia, and Iran. Even Russia and Mongolia are connected by this geographical proximity.

Furthermore, Gulf States and Iran consider Gwadar as an emerging rival port in the region. They fear that Gwadar Port will share the economic and trade activities which otherwise they are enjoying exclusively in Dubai and Chabahar. They also fear that Gwadar would be elevated to the level of Hong Kong and Singapore. Hence, the interest of these countries is divergent in nature with regard to the development of Gwadar Port. Chinese presence close to Gulf and Strait of Hormuz is of great strategic worry for the U.S and India. They fear that their interests in the energy-resource Middle East and Central Asian Republic (CARs) are threatened.⁷

China would be a major beneficiary of Gwadar port. Though being a large country, its western regions are far from the sea, but as China grows in economic and military stature, it needs to ensure harmony and peace within its boundaries. It has, therefore, lately started paying more attention to its western regions. The effects of China's economic reforms in these regions are already becoming visible. For example, Xinjiang, the 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.⁸ Similarly, its GDP rose to \$ 130 billion, a year on increase of 12 per cent. There is also substantial increase of tourism in the province. China's western region is similar to Balochistan. Xinjiang occupies 56 per cent of the country's land mass and 23 per cent of its population. It is rich in mineral resources, but least developed and far behind other provinces. China has been investing large amount of resources in Xinjiang to bring it at par with other provinces.⁹

The Salient Features of Gwadar Port

- a) The trans-shipment facilities are facilitated by its location, since it is close to the international Sea Lines of Communications (SLOCs.)
- b) Gwadar is farthest from India and, therefore, provides strategic depth against any attack. Because of this distance from Pakistan's eastern neighbour, it also provides more warning time against air and naval threat.
- c) It offers natural protection against weather.

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- d) It is more suitable for capitalising on trade opportunities with energy rich Afghanistan and the Caspian Region.
- e) Gwadar Port, being a gateway to the Persian Gulf at the Hormuz Strait, will offer various harbour services like show-casing and storage of sea resources, shipment, trans-shipment, and manufacturing conveniences for regional and extra-regional key players, as well as for UAE, Gulf states and European nations.

With the development of Gwadar Port, all trade to and from Central Asian States (CARs) is definitely going to adopt the shortest available route via Gwadar and the trade benefits of Pakistan are expected to multiply. The proven reserves and production will have following implications on Gwadar Port:-

- a) Estimated production of dry cargo is more than liquid cargo, which means larger ships and deep sea port will prove better.
- b) Kazakhstan and Kyrgyzstan produce more dry cargo than other CARs, and Gwadar will prove to be the shortest access to warm waters for them.
- c) European nations are striving to reach this mineral-rich region through the Caspian Region earlier than other key players through Gwadar and Afghanistan.

The Role of Gwadar in the Development of Balochistan

The role of Gwadar in the development of Balochistan is huge as discussed below.

Port Functions

- a. The first is related to the functions of the port such as the handling of cargo and passengers, the storage and transport-related activities both within the port and the adjoining centers. It would also be used as a compound for ship repair facility.
- b. The port would also have a set of processing industries. The functions of trans-shipments and the transformation of imported

material prior to their further shipment would be included in the respective group.

- c. The industrial complex of the port would cater for heavy commodities related to the oil and chemical industry. Iron, steel and sugar refineries may also be included in this group.
- d. The fourth function of the port could accommodate the recreational and tourism industry. With the expansion of the industrial base at Gwadar, and the economic activity generated, this would provide employment opportunities to the people, consequently contributing to the development of the region. It is expected to generate about 2 million new jobs in about 8-10 years.

The Demographic Composition

The demographic changes are already identified in the region. According to the estimates of the Gwadar Development Authority (GDA), around 1.7 million people would move to Gwadar within a span of thirty years.¹⁰ The port still has to commence its functioning, but noticeable signs of progress are already seen. Similarly, new residential areas, hotels, buildings, schools, hospitals and roads are indicative of modern trends. It is also expected to have a positive impact on the rest of the province, which had been neglected for so long.

Natural Resources

Balochistan is full of natural resources but their exploration is being awaited. Its large gas reservoirs, potential oil reserves and precious materials have attracted international attention. Investors are showing keen interest in its development process. The subsoil holds a substantial portion of Pakistan's energy and mineral resources, accounting for 36 per cent of its total gas production. It also holds large quantities of coal, gold, copper, silver, platinum, aluminium, and uranium. There is an estimated stock of 200 million tons of iron and 217 million tons of coal. In Saindak, gold and copper mines are estimated to contain reserves of up to 412 million tons. Similarly, Reko Diq contains 5.9 billion tons of copper and

gold. The province, however, lacks proper infrastructure to exploit and transport these resources. In the 1970s, Pakistan and China signed a formal agreement for the development of Saindak copper-gold mine. The mine was leased to Metallurgical Corporation of China Ltd. (MCC) for ten years which is extended after every 5 or 10 years under the renegotiated terms of the lease. The Saindak mine is estimated to have ore reserves of 412 million tonnes containing on average 0.5 gram of gold per ton and 1.5 grams of silver per ton. According to official estimates, the project has the capacity to produce 15,800 ton of blister copper annually, containing 1.5 ton of gold and 2.8 ton of silver.¹¹ The Saindak mining project has made significant contribution to the economy of Pakistan. According to Ministry of Petroleum and Natural Resources, Mines and Minerals Department, annual export of copper from Saindak project is around \$ 280 million.

The Exclusive Zone

The construction of Gwadar Port and requisite infrastructure linking it with the rest of the province and beyond will provide an easy access for those minerals. In addition, Balochistan also offers a vast exclusive economic zone spread over an area of approximately 180,000 sq km. A modern port and supporting infrastructure are required to exploit the full potential of this important resource as well. The first special exclusive economic zone of CPEC is being developed in Gwadar city, and the Gwadar Port Authority has completed land acquisition process for the economic zone. With the establishment of the exclusive economic zone, exports and imports will enhance significantly. In tandem with the exclusive economic zone, the Chinese company will also establish a large exhibition centre adjacent to the port for display of Chinese and Pakistani products. This will be the first exclusive economic zone in Pakistan, spread over an area of 9.23 sq km. adjacent to the Gwadar port.¹²

Besides, being rich in mineral and hydrocarbon assets, seas along the coastline 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. 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 its fishing industry.

Increasing National Revenue

Being the only commercial port at Karachi, around 70 per cent of national revenue comes from Karachi for the past many years. In the long run, Gwadar Port is likely to earn enormous revenues for the country by providing transit and trans-shipment facilities to a number of countries. This would transform the composition of national revenue.

The Regional Connectivity

As mentioned earlier, it is the shortest and the most feasible route to sea for Afghanistan and most Central Asia countries, and for parts of Russia, especially during winter when most of its ports are closed. At the moment, Central Asian economies are weak and it will take time before they are able to generate substantial trade for Gwadar. Besides, political and economic situation in Afghanistan also hinders transit access to Gwadar Port. However, it seems that Gwadar has become a crucial route for China under the developing geo-political situation. China is world's largest economy in terms of purchasing power parity. A portion of China's transit trade through Gwadar-Kashghar corridor could generate substantial economic activity for the whole of Pakistan, Balochistan and the region. The revenues will not only be generated by transit fees alone, but innumerable employment and business opportunities will be created along the corridor.

Once desired infrastructure, services and facilities are made available at 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 sea water port and quick turnaround will attract larger vessels to offload their cargo for further transshipment to the countries in the Persian Gulf and the littoral states of north Arabian Sea. Pakistan's current maritime trade is

about 67 million tons, being handled jointly by the Karachi and Qasim ports. According to Dr. Azhar Ahmad, 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 tons.¹³ With the development in Gwadar, human resources, both labor and capital will also be attracted towards Gwadar. The making of the Gwadar Port, with its central geo-strategic location and as the upper lip of Dubai port, the likelihood of international exposure would also increase manifold. Pakistan is an investment-friendly country and large portion of its total investment has always come from Foreign Direct Investment (FDI). Pakistan could become a major world channel for petro-chemical trade and greatly stimulate its economic growth.

China-Pakistan Economic Corridor

“If ‘One Belt, One Road’ is like a symphony involving and benefiting every country, then construction of the China-Pakistan Economic Corridor is the sweet melody of the symphony’s first movement,” Wang Yi, China’s Foreign Minister said during a visit to Pakistan in February, 2015.¹⁴

The construction of Gwadar Port has become a milestone in China-Pakistan relations. It has been recognised as an initiative for collective regional economic activities. Gwadar Port is a commercial port, which can benefit regional countries. For China, this project has two important benefits. First, it would provide the shortest route to the western China, where China has set up its major economic zones. Therefore, by using the economic corridor, China can easily provide its goods to the Middle Eastern market. It is especially advantageous for China’s western region, particularly the Xinjiang province, as this region is almost 4000 km away from any main coastal cities of China. While using Gwadar route, the distance and the cost will be reduced considerably.

Secondly, the proposed Gwadar-Xinjiang energy pipeline would provide a safe, secure and cheaper energy supply to China. Most of the Chinese transshipments come through the Strait of Malacca, which still has economic cost and security challenges. Gwadar offers numerous economic opportunities to China and its geo-strategic location can

provide a position where China can easily secure its interests and sea lanes of communications in the Indian Ocean. It has a close proximity to the international sea trade route that provides added security to the Chinese vessels in the Arabian Sea and Indian Ocean as a whole.

Energy and infrastructure-related projects have immense importance for Pakistan's economy and these projects should be completed as soon as possible because Pakistan is suffering from a severe energy crisis which has hampered its economy. Pakistan has a huge potential in producing hydro, solar and wind-generated energy, but unfortunately, in the past little importance was given to generate new sources of energy. Government of Pakistan has now realised that without solving the energy crisis, the country cannot develop. It is also focusing on improving the transport sector, which is discussed in detail below.

Transport Sector

The Government has approved mega road and railway projects worth of \$ 12 billion related to the China-Pakistan Economic Corridor. According to the Ministry of Planning and Development of Pakistan, \$ 3.5 billion has been allocated for the construction of the Raikot-Islamabad motorway section, \$ 6 billion for the construction of the Lahore-Karachi motorway and \$1.6 billion has been allocated for the Metro Train Project (orange line) in Lahore. These mega-projects will open new job opportunities for the local communities and the infrastructure of the country will improve.

Connecting Gwadar Port with Karakoram Highway

Economic stability of the country is largely dependent on a strong, safe and low cost transport system. Therefore the importance of the transport sector has become paramount for the country's imports and exports. The Government is committed to developing world class highways for the local and regional trade activities. The National Highway Authority (NHA) and many donor agencies such as the Asian Development Bank (ADB), USAID, the World Bank, and other friendly countries are assisting Pakistan in the development of communication-related infrastructure.

China has announced the construction of a highway that would connect Gwadar Port to the existing Karakoram Highway (KKH). The Consul General of China expressed his views in this regard while addressing the Karachi Chamber of Commerce and Industry (KCCI) on September 24, 2013.¹⁵ The Karakoram Highway was constructed in 1978 providing trade facilities with China through land. The up-gradation of the KKH started in 2006 with the aim to boost trade and economic relations between China and Pakistan. The KKH, which passes through the Khunjerab Pass, now extends down to the rising port city of Gwadar. The expansion of KKH will increase economic activities and the operating capacity of the use of heavy vehicles. During the recent visits, the high authorities of China and Pakistan have agreed on the construction of the economic corridor between Gwadar and Kashgar.¹⁶

The bilateral trade between China and Pakistan reached \$ 16 billion in 2014 and it is expected to further increase.¹⁷ The governments of China and Pakistan are committed to develop closer bilateral relations and further enhance bilateral economic relations by achieving a mutual development strategy. There are strong possibilities for joint ventures in various fields and the business community of China and Pakistan can benefit more by enhancing bilateral trade. Pakistan is considered an important destination for Chinese investment, having promising potential in different fields such as mining, energy, infrastructure, agricultural, manufacturing, livestock and tourism. China is focusing on the new projects in Pakistan and the steady progress in economic cooperation would bring a new era of prosperity for the people of Pakistan.

Railway Construction

The railway system is usually known as the lifeline of any country. The second main component of the CPEC is the construction and up-gradation of the railway system of Pakistan. Pakistan Railway has been providing an important mode of transportation throughout Pakistan since its establishment in 1947. Direct rail linkages with China were planned by President General Pervez Musharraf in 2006.¹⁸ Government allocated an amount of Rs. 72 million to carry out a feasibility study for the construction of a rail link with China to further enhance economic relations between China and Pakistan in 2007.¹⁹ The study took place for

the construction of a 750 km section between Havellian to Khunjerab Pass, 4,730 meters above the sea level. Havellian is already connected with the main rail network in Pakistan. The study suggested that a 350 km railway track would be constructed by the Chinese Government in Kashgar where they had established a Free Economic Zone.

According to the railway sources, a high-speed railway track from Karachi to Peshawar would be constructed and the speed limit would be 120 km per hour. Later, the speed would increase to 160 km per hour.²⁰ The Government is taking serious measures for the improvement of the railway system and it has signed a deal of procuring 58 locomotives from China.²¹ Freight trains have been given special attention as they provide huge revenue through the transportation of goods as it is a cheaper and faster way to deliver goods from one part of the country to other.

The construction of new tracks and the up-gradation of the old ones are also a part of the China-Pakistan Economic Corridor Project. The Government of Pakistan has approved mega-projects, worth \$ 7.89 billion for the railways. The amount of \$ 3.65 billion has been allocated for the up-gradation of the existing railway track from Karachi to Peshawar (ML-1). A new track would be constructed from Gwadar to Jacobabad via Besima and Khuzdar at the cost of \$ 4.2 billion. China is taking interest in the development of the China-Pakistan Economic Corridor to use Gwadar Port for commercial purposes. A safe and reliable railway network can ensure China's access to the energy-rich Middle East through Gwadar and other ports of Pakistan.

The construction of the economic corridor has two main objectives for China. First, China foresees its western region transportation network as a safe alternate route for oil and other energy sources from the Middle East to China. Through the construction of CPEC, China is interested in developing a direct crude oil pipeline from Gwadar to Xinxiang. China has constructed another oil pipeline from Central Asia which provided 86 million barrels of oil in 2013.²² China also announced to develop the 'Maritime Silk Road' that would increase China's influence on the sea lines of communication, extending from the Indian Ocean to the South China Sea. This development through Pakistan would help China to get a safe and secure oil transaction from the Middle East region and China

can also have speedy export of its products from the western region's economic zones to the Middle East markets.

Secondly, China's western region including Xinjiang and Tibet are less developed as compared to the eastern coastal areas such as Shanghai, Guangdong, and Tianjin. Now, China is mainly focusing on the development of its western region, and it has anticipated that trade would increase in the Xinjiang province by the construction of CPEC. The construction of CPEC will increase economic development and prosperity, and it would help to address the grievances of the Uyghur population in the Xinjiang province.

After the completion of CPEC, China would be in a position to get direct, safe and reliable international trade routes to the Central Asian states and Middle East through Xinjiang. China would be able to receive cargo from Gwadar through the shortest route from Karachi to Peshawar as well. The rail network may also provide the oil supply from the Persian Gulf to Xinjiang. China can take advantage by using Pakistan's domestic railway network to reach Iran as well.

Energy Sector

The Government of Pakistan has allocated huge funds for energy projects worth \$ 20.2 billion including \$ 500 million for the construction of the Power Park infrastructure at Gadani, \$ 700 million for Jetty for coal supply to 10 x 660 MW coal-based power stations at the Power Park Gadani, \$ 1.85 billion for the construction of 2x660 MW coal power stations by Genco Holding Company at Gadani, \$ 1.440 billion has been allocated for developing a new transmission line for evacuation from the Power Park Gadani and Thar Block-2, \$ 13.339 for the construction of Diamer Basha Dam Project, \$ 788 million for the Sindh-Engro Coal Mining (SECMC) Open Pit Mining project and \$ 1.6 billion for 2 x 660 MW coal power projects by the Government of Punjab at Sahiwal.²³

The aforementioned projects are part of the CPEC and, after completion, they will be providing sufficient energy. The Government of Pakistan is working on many other energy-related projects in different

parts of the country with the aim to recover Pakistan from the energy crisis which is creating impediments in its way to an economic revival.

Energy Pipeline

China wants to construct an energy pipeline project along with CPEC. This way, China would be able to construct the energy pipeline project that can easily get energy from the Middle East without using the Strait of Malacca. Selig S. Harrison has argued that China aims to get control over the region by pledging unfettered road and rail access to the Middle East via Pakistan.²⁴ Chinese oil tankers usually take up 16 to 25 days to reach the Gulf region. For reducing time and vulnerabilities, China would construct road and rail links through Gilgit and Baltistan that would enable it to get easy and safe cargo access from Eastern China to Gwadar. Furthermore, more than 10,000 workers are employed for the expansion of the Karakoram Highway which is connected with Xinjiang province.²⁵

The geo-political position is reshaping the Himalayan border region and Pakistan is ready to work with China to provide it a better position for playing an important role in the regional political order.²⁶ After the completion of Gwadar-Kashgar energy-cum-trade corridor, there will be a new era of economic revival in Pakistan. It is important to mention that it is not only Pakistan and China that will benefit from this project. Avenue for greater regional economic integration will be provided to the regional countries as well.

Therefore, the China-Pakistan Economic Corridor will connect Gwadar Port to Kashgar through road, rail and pipelines to transport merchandise; and oil and gas; and this will provide impetus to regional trade and boost economic activities.

Challenges and Impediments

- Security: The most obvious of the challenges to the functioning of Gwadar Port could be that of security. Unfortunately some people with vested interests have tried to exaggerate apprehensions about the security situation in Gwadar. It is, therefore, vital that such elements are controlled and security of the entire corridor is ensured. The best

way to achieve this goal would be to keep the local population on board in the decision making and implementation process and let the signs of progress be visible to general population. Without the full-fledged support of the locals, it would be naive to believe that such an extensive project could be implemented successfully.

- **Terrorism:** Another challenge is related to terrorism, and increasing insurgency in Afghanistan. It may disrupt the work because the Tehrik-e-Taliban Pakistan (TTP) is still active despite the Zarb-i-Azb operations. Though it is divided into small groups, terrorists could target military personnel, labourers and engineers working in the area. Similarly, on the Chinese side, the East Turkistan Islamic Movement (ETIM) in Xinjiang may also create problems for the land-route economic activities. However, China has adopted sufficient measures to control the insurgency.
- **Foreign involvement:** Another challenge to the economic corridor may be the external elements actively supporting and funding the Baloch militant organisations in Pakistan. The Government of Pakistan has raised this issue with the neighbouring countries in order to weed out the insurgency. China and Pakistan have agreed to work together to counter insurgency and terrorism, and have agreed upon a joint security mechanism for the Chinese workers in Pakistan.
- **The convergent interests of the opposing forces may join hands to jeopardise the CPEC project.** In this process, the separatists within Balochistan could be made instrumental by India and other foreign countries.
- **Topographical Conditions:** Another issue that may create a hurdle in the construction of the oil pipeline is the high altitude as the pipeline will be crossing an area which is 15,000 feet above the sea level. Technical complexities would remain there due to high elevation, but the Chinese have experience of constructing natural gas pipelines from Central Asian republics to China. China would therefore be able to construct the energy pipeline via Gwadar. This project would bring more benefits for the Chinese economy, for instance, it would

decrease the dependency on oil transportation through Indian Ocean via the Strait of Malacca.

- Weather: The CPEC will face the challenge of weather because in the winter season, transportation through roads becomes difficult as roads get blocked due to heavy snow in the northern region. The snow clearing activities would be launched for opening the routes. Due to the snowfall, there are huge chances of road accidents and road blockages.

The above mentioned realities need to be addressed properly because security-related issues may hinder the projects. The governments of China and Pakistan should be committed to constructing the economic corridor which would begin a new era of economic revival. Chinese authorities know that Gwadar port would play a significant role and may shape the future trade relations with the regional countries.²⁷ China is also well-aware that the US and India would not be happy if China gets control over the Gwadar Port, and both feel threatened by China's presence in the Indian Ocean. Therefore, Pakistan's increasing reliance on China may increase difficulties for India, although China has not shown any kind of hegemonic aspirations in the region.

Conclusion

Chinese commitment has been instrumental in the Gwadar project and has been a huge source of investment and technical help in the ongoing development of Gwadar. The Chinese role has increased by taking over direct management of the port from Singapore in 2013. Therefore, China is focused on completing the project and engaging in infrastructural projects that would be in the economic and strategic interests of China. For example, apart from the port itself, the proposed economic corridor is more important for the Chinese economic project. It is estimated that the Chinese are investing approximately \$46 billion in this economic corridor from which it will harvest numerous economic benefits. Overall, China is geared up to take advantage of its strategic relationship with Pakistan and help the region develop peacefully. Other nations are also taking keen interest in the Chinese-led project and there is a possibility of more economic corridors being formed linking Gwadar

to Central Asian states in the future. All these developments are likely to act in the economic interest of Pakistan, as they provide an excellent opportunity to upgrade its infrastructure and increase revenues to invest in economic revival. This is an opportunity which the Pakistani government cannot afford to miss. The future is bright for Pakistan-China relations, and one is likely to see more strategic and economic collaboration for mutual interest that promises prosperity and development in Pakistan and the region.

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