

# China, Central Asia and Gwadar

*C. Asia News 28-7-02*

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The April 2002 inauguration of Gwadar seaport with Chinese collaboration in southern Balochistan on the Arabian Sea coast is likely to open up new vistas of cooperation and development in the region. The port is strategically located on the opposite end of the Gulf of Oman and the Straits of Hormuz on the mouth of the Persian Gulf.

China is involved in the construction and development of the above seaport on the Arabian coastline. Once completed and functional, it may have positive spin off for the Chinese western Muslim Autonomous Republic of Xinjiang, formerly called Eastern Turkestan. The republic of Xinjiang is contiguous to Central Asian countries, viz, Kazakhstan and Kyrgyzstan.

With nearly 35 percent of share in international trade, China is a leading country in textile production, contributing to one-fifth of the world's garment industry. The garment export in 2001 increased to \$36.1 billion — nearly 50 times from 1978.

Currently, China's eastern seaboard region is the hub of economic activity. Xinjiang region suffers from economic under-development and some separatist trends from its dominant Uighur Muslims. Hence, China is thinking of seriously catapulting the region into fast track development.

Building of the Karakorum Highway in the 1970s linking Xinjiang with the northern regions of Pakistan and now the proposed development of Gwadar seaport in southern Balochistan along the

Arabian Sea could be another hallmark of Sino-Pakistan friendship. Needless to say that the Chinese have an admirable record of completing major projects in time with their friends.

In the next decade or so, China intends to earmark \$90 billion for developing its mid-west and western regions. Last year, \$200 billion was loaned to western regions for infrastructure development, proximate to Pakistan's northern region. Incidentally, the southern tip of Xinjiang is as far away as 4500 km to the eastern coast of China whereas it is only 2500 km from the port of Pakistan. This makes it feasible and cost-effective to carry out trade (exports and imports) through ports that are neighbouring to the Gulf, Africa, Central Asia and Europe.

The Gwadar port project was started in 1992 but was held up in abeyance due to political instability in Pakistan, following change of the Nawaz Sharif government. Initially, Holland was approached for financing the project but to no avail. Later, Oman was approached, which has a large Balochi population. Although Sultan Qaboos expressed interest in the development of the region, the Opposition parties in Pakistan assailed the government for handing the port over to the US government after the end of Iran-Iraq war and the increased US interests in the Gulf.

It is conjectured that once the Gwadar port complex is completed, nearly twenty countries of the Middle East, Central Asia and South Asia could benefit from the mega-project. The complex will provide facilities of warehousing, trans-shipment, transit and coastal trade, commercial and industrial openings for international export-import

trade. This is especially from and to Afghanistan, the CARs, Persian Gulf states, UAE, Oman, Saudi Arabia, Qatar, Iraq, Iran and other countries.

The Chinese government is providing a soft loan of \$198 million while the Pakistani government has contributed \$50 million for the first phase of this mega-project that would be completed in three phases in three years. Of late, Balochistan, a neglected and backward province, has started getting increased attention from the Pakistani government. It has, for example, five modern airports, with several flights a week, linking Mekran with the rest of the country and the Gulf region. A modern mini-port is under operation at Pasni.

The Chinese are also helping in laying the White Oil Pipeline project from Port Qasim near Karachi to Muhmood Kot near Multan. This pipeline is to be constructed with the collaboration of Pak-Arab Pipeline Company (PAPCO) and China Petroleum and Engineering Construction Company (CPECC) with transport of 12 million tonnes of white oil products across Pakistan that would fulfil 75 per cent of Pakistani oil and transportation needs.

Allied to Gwadar, the coastal region of Balochistan is also expected to get an economic boost with the construction of a 700-km coastal highway, linking Karachi on the east with Jiwani to the west, close to the Iranian border. Pakistani's National Highway Authority (NHA) and the Frontier Works Organisation (FWO) are charged with the responsibility to build this road that will ultimately link Gwadar with the rest of the

world. This will start simultaneously and will be completed by the time the port is built in three years time.

Establishment of railway link with Gwadar to Taftan in Iran via Saindak is being planned. Saindak, the first metallurgical project, lying dormant since 1995 for production of copper and gold, is being revived with the Chinese help at the cost of \$30 million. A parallel road from Gwadar to Saindak, running parallel to the Iran-Pakistan border will make it the shortest route to reach Central Asia from the warm waters of Arabian Sea. Another 515-km long highway connecting Gwadar via Panjgur, Khaan, Chaghi and Rabat up to Herat in eastern Afghanistan is on the drawing boards. This would link up Pakistan directly by road with the CARs.

The Saindak project aims at production of gold and blister copper. In the event a refinery is not set up in the region, the blister copper will have to be transported to China and then the refined product brought back for export, which will entail high expenditure. Also, alternatively, it would have to secure the services of a refinery in Surchasma copper plant in neighbouring Iran, which is also expensive.

After the completion of the seaport, successful marketing of the port management to potential customers, building of export processing zone, trans-shipment and warehousing facilities, fixing of port tariffs for shipping companies in order to be competitive, there is a need for a professional and well qualified human resource port staff. Also, construction of Mirani Dam for power and irrigation is being started soon.

# seaport

All these positive developments if and when brought to fruition may ultimately help the CARs to actively participate as ECO members and help open channels through Pakistan by minimising the Russian routes. For Afghanistan, a landlocked country and desperately needing export outlet, the construction of Gwadar port complex will help in boosting economic rehabilitation and activity. Any movement of goods to and fro from Balochistan will benefit Afghan transit trade as well as the former's export of minerals and dry fruit. Besides, the port facilities could provide Afghanistan and the CARs warehousing facilities along with transit and possibilities of import of goods.

In order to become an entrepot, Gwadar port could also help in promoting tourism, spawning of ancillary industries such as fishing, shipbuilding and marine industry. It could set up export-free and industrial zones. But for this to eventuate, the political situation in Afghanistan has to normalise soon and the war-wrecked country to return to a modicum of peace and stability. In addition, the launching of such ambitious plans for the development of Gwadar seaport could serve as a catalyst for fast track development and transformation of Balochistan from a primitive, tribal society into 21st century. Thus the plans for the development of Gwadar port through the Chinese support and help is an auspicious start, albeit it should have been done by governments right after Pakistan's independence. Still, better late than never.

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