



Strategic and Economic Importance of Gwadar for China and other Regional and Western States



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Abstract *Gwadar is a deep seaport that played the role of main communication and trade route among India and the Gulf States. In collaboration with China, Gwadar Port has been intended to be connected with Afghanistan and via Afghanistan to Central Asia through road links. If we take the case of the Arabian Sea and the Indian Ocean, it is Gwadar Port that allows China to counterbalance the Indo-US supremacy. Beijing now has the ability to counterbalance Indian maritime activities in the Indian Ocean by praising and acknowledging this Port. Gwadar Port's distance from Pakistan's Karachi Port and India's Gujarat and Mumbai naval stations allows China to observe Indo-US naval operations in the Indian Ocean and the Persian Gulf. Persia Gulf is responsible for over 60% of Beijing's energy supply demands. This phenomenon, in the long run, allows Beijing to monitor and control the sea lanes of communication (SLOCs) from the Persian Gulf to the Indian Ocean and up to the Strait of Hormuz.*

Pages: 22 – 30**Vol. VI, No. III**
(Summer 2021)**Key Words:**Gwadar, China,
Western States,
Persian Gulf, Indian
Ocean**JEL Classification:**

Introduction

Gwadar is a deep-sea port positioned in district Gwadar, a city of Pakistani province, Baluchistan, at the culmination of the Arabian Sea. Gwadar is situated at a distance of almost 460 km west of Karachi, at an aloofness of 75 km from the eastern border of Pakistan with Iran, and touching the strait of Hurmuz with a distance of just 400 km. Since 1783, Gwadar was an integral part of Oman until 1958, and on December 8, 1958, it formally came under the suzerainty of

Pakistan. Apprehending geo-economic and geostrategic importance of Gwadar, Pakistani Premier (Feroz Khan Noon) at the time, purchased it from Omani Sultan, Sultan Said Bin Taimur with a total amount of 3 million pounds. Gwadar was unified with Baluchistan Province in July 1977 by the Government of Pakistan. Traditionally Gwadar played the role of main communication route among India and Gulf states. (Nuri, 2002)

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It was in 1993 that the Government of Pakistan anticipated the idea to establish Gwadar, a deep-sea commercial port. The Port was envisaged to be linked with other areas of the state via establishing railway and roads networks. The Government officially initiated the building of Gwadar Port on March 22, 2002. The Port was envisioned to be built with the financial and technical support from the Chinese Government into two phases. Chinese Government took pleasure by providing initial \$198 million aid to the Pakistani Government out of a total \$248 million required expenditure for the construction of Gwadar Port. [\(Khan S., 2013\)](#)

The first phase of the Port is consisted of establishing three multi-purpose ship berths, whereas the construction of Phase ii involves a Bulk Cargo Terminal, two Oil Terminals, and nine multi-purpose supplementary Berths with an estimated amount of US \$600 million. The then Federal Minister for Ports and shipping Sardar Nabeel. A. Gabol formally inaugurated Gwadar Port on December 21, 2008. [\(Khan D. S., 2013\)](#)

Gwadar Port has been intended to be connected with Afghanistan and via Afghanistan to Central Asia through road links. Gwadar is connected through road with Saindak, which is the shortest possible access of Central Asia with the Arabian Sea. This Port will pave the way for commercial traffic among Pakistan, the Middle East, The Persian Gulf, Iran, South East Asia, and China. Gwadar Port has been envisioned to provide regional states with huge economic benefits. Oil, gas, and other goods can be transported to regional and global markets easily through Gwadar Port.

Gwadar Port will certainly reduce the land distance from the south coast in the Arabian Sea to the Chinese East Coast from 2485 miles (4000 km) to almost 1242 miles (2000 km). Gwadar Port, by

connection with Afghanistan via highways and road links, will decrease the distance of CARs and Pakistan by almost 500 km. [\(Scissors, 2012\)](#) It will help establish a feasible, smooth, and safe route for trade between Pakistan and Central Asia.

Gwadar has been positioned among the world's most strategic and profitably significant regions like economically developing and natural resource affluent Central Asia, the oil-rich Gulf States, and populous South Asia. [\(Anwar, 2012\)](#)

The Regional Prominence of Gwadar Port

The world's rising energy needs and the chaotic political instability in the Gulf States have made the world to look for alternative energy resources of Central Asia, which is a land-locked region. Gwadar is the sole way to connect Central Asia and other states of the world. This Port will add to the economic benefits of all states of the region and the world. Gwadar Port has been envisaged to work as a core part of the region that will provide concerning states with easy access to the Arabian Sea and the Indian Ocean. [\(Malik, 2012\)](#)

Ports are the main foundations of connecting a state with other countries of the world, and these ports are amongst the chief sources of economic activities and play a major role in the economic uplift of a country. Nature has bestowed Pakistan with 1100 km marine fascia extending to the Southeast and West axis. The overall annual trade of Pakistan is more than 38 million tons. More than 95 percent of Pakistani trade is through the sea. About 68 percent of trade is handled by Karachi Port, while 32 percent is to be dealt with by Port Qasim. The Government of Pakistan has planned to increase the trade volume to more than 91 million tonnes by the end of 2016, which will eventually result in growing shipping

activities on the existing functional ports. (Azfer Naseem, 2015)

The formation of Naval Bases by Pakistan at Ormara and Gwadar in collaboration with Chinese Naval possessions will decrease the influence of the US Naval Fleet at the Persian Gulf and the Arabian Sea, and the Indian ambition of becoming as the only Blue Water Naval Force will also be monitored. These developments are dreamt to further foster Sino-Pak naval cooperation that will, on the one hand, reduce the threat to safe naval communication for commercial shipping and, on the other, will result in monitoring Indian Naval exercises in the Indian Ocean. (Chailand, 1994)

Through Gwadar provides exceptional chances of strategic and economic progress to the regional and extra-regional players nevertheless, it may also be an intersection of incompatible interests for different states having divergent interests in Gwadar Port. Likewise, Indo-Iranian interests may be divergent from that of Sino-Pak interests. Iran and UAE might have opposing interests in Gwadar. China and USA may want to have access to CARs' natural resources. CARs may wish to have an easy, short, and safer passage for trans-shipment. So each may enter into competition with the other to exert power over these nations. Therefore, Gwadar is a unique venture of conflicting interests.

Gwadar is supposed to provide alternative trade route for regional and extra-regional states, particularly to Chinese goods in West Asia and the Indian Ocean, in case U.S goes to obstruct the Malacca Strait. Almost 60% of Chinese energy needs are transit through the Persian Gulf, and Gwadar is the best option for China by enabling it to control and monitor sea lanes from the Persian Gulf to the Gulf of Aden. Gwadar further empowers China to have a check on Indian

maritime maneuvers Aden and the Persian Gulf.

Gwadar is viewed as a rival port by the regional states, like UAE and Gulf States in the region. These states consider Gwadar Port to be a threat to their sole suzerainty over financial and trade activities in the region. Here the interest of the Gulf States and UAE is conflicting as compared to CARs and Chinese interest. Chinese presence at Gwadar (that is closed to the Strait of Hormuz and Gulf) will definitely pose a threat to US interest in Central Asian Republics and the Middle East. As all of these regions are rich in energy resources, and Gwadar is in close proximity to these areas, which extends the strategic importance of Gwadar Port for the US as well. (V.Sichuan, 2013)

We all witness that globalization has brought tremendous changes to the globe by reducing the communication gap among the nations, and so is the case with world ports. The exclusively close integration of markets has got the sea trade increased from 2.37 billion tons of cargo to that of 5.88 billion tons of cargo moving across the sea. (Stopford, 2009).

Gwadar is the result of several years' meticulous consideration by the Pakistani Government. The Port was selected to be built from among nine prominent sites that are, Bandar, Hingol, Karma, Khor, Jiwani, Ormara, Pasni, Sonmiani, and Gwadar. (Shahid, 2008)

Gwadar is in close proximity with the transnational Sea Line of Communications, which makes it more valuable for trans-shipment services and is far distant from India that reduces air and naval threats by providing Pakistan with more warning time. Due to its moderate climate, Gwadar is a natural shield against the weather.

Gwadar provides regional and extra-regional countries with easy access to

energy-rich Afghanistan and Caspian region. It is the only Port of the region that provides the shortest accessible route to CARs which will definitely result in benefits for both CARs and other states of the globe to enter into trade with each other. Being close to the Strait of Hormuz and a gateway to the Persian Gulf, Gwadar delivers facilities like ship consignments, trans-shipment, storing of sea resources, and manufacturing opportunities to regional and international players. [\(Chailand, 1994\)](#)

Financial Updates of Gwadar Project

The project of Gwadar deep seaport has been initiated by the Chinese Harbour Engineering Company in collaboration with Pakistan at an opening budget of US \$ 300 million. It was decided between China and Pakistan that Pakistan will pay US\$ 50 million while the rest of the amount will be arranged by China. According to the Memorandum of Understanding, it has been decided among Pakistan, China, and CARs to develop a widespread expansion of communication infrastructure touching in the western Caspian Sea and in the east Xinxiang and in the south joining with Gwadar Port. [\(W. Marx, 2013\)](#)

As Gwadar Port is a mega project which cannot be handled independently by the Pakistani Government, therefore, the private sector is encouraged to vigorously contribute in undertaking several developmental activities. Foreign investment is quite necessary for the fulfillment of the Gwadar mega project. Correspondingly, Islamic Development Bank has provided the US \$ 100 million for the construction of roads from Gwadar Port to Central Asian Republics via Afghanistan.

Gwadar an Economic Asset for the Regional and Extra-Regional Players

Strategically Gwadar is located in an area that is, no doubt, important for all the regional and international players. Gwadar yields immense benefits for all states and has huge potentials, which will certainly take the position of a regional hub, resulting in a forthcoming trans-shipment port. [\(Rahul.K.Bhonsle, 2006\)](#).

Chinese Interest in Gwadar

China is an emerging giant in the economic activities of the globe. The Chinese economy is mounting with a frequency of almost 9% each year. The global trade of China has exceeded the volume of 1.76 trillion U.S\$. Its GNP is rising at the rate of 7.3%. The foreign exchange reserves of China have crossed 600 billion U.S\$. China is anticipated to become the leading economy of the globe by 2025 because of its sturdy and effective economic progress. China covers 70% of the production of the world in producing microwave ovens, shoes, toys, CD players, and photocopiers. Chinese Government, due to its effective membership in WTO, has been effectively executed its economic policies globally.

The efforts and readjustment of regional and extra-regional economic policies of China reveal the Chinese intention of becoming an economic giant of the world. After the disintegration of the USSR, China is very keen and has been determined, focused and pragmatic in policies formulation. The passive manner of economic policies of China recognizes it as the global power of the near future. The stable production procedure and effective economic progress bound China to have cordial relations and have safe and smooth road and sea links with other nations of the world.

China has assured and provided Pakistan with maximum economic and technical support for the development of the Deep Sea Gwadar Port. These

projections are bound for the strengthening Sino-Pak mutual geostrategic affinities and the role these states will play in the regional and global arena. Though Sino-Pak friendship should not be apprehended in the context of material benefits, nevertheless, the developmental project of Gwadar Port yields enormous economic prospects for China.

Xinjiang, the largest and slightly populated Chinese province, is in close proximity and shares close borders with Pakistan, Afghanistan, and Eastern CARs. In recent times, Uighurs (The ethnic Turkish majority people in Xinjiang) demanded the right for self-determination on the basis of language, culture, and religious differences with the Han majority. Keeping in considerations Xinjiang proximity with warm waters of the Arabian Sea via silk passage and the oil existence there, its close vicinity with the adjacent Muslim CARs, and closeness with Lop Nur (Nuclear test site located in Tarim Basin in northwestern China), China has visualized the policy to go west to economically develop Xinjiang.

Economic and Strategic facets of Beijing's interests in Gwadar

Gwadar Port yields immense strategic and economic prospects for China. Gwadar via silk route provides China with the shortest possible access to Aden and the Persian Gulf with only a pass-through of 2500 kilometers on the present Silk-Route. The CPEC Project (China Pakistan Economic Corridor) is the continuation of the Chinese strategy to link Kashghar with Gwadar via the establishment of railway lines and building roads. This is the first-ever mega joint venture between Beijing and Pakistan, costing 46 billion dollars. The railway lines and roads from Kashghar and Gwadar will further be

linked to Central Asian Republics via Afghanistan and Iran via Baluchistan.

Chinese industry is in a continuous process of rapid growth, which stipulates China to seek alternative sources for meeting its energy needs. China's demand for energy is anticipated to exceed over one-fifth of the total world call for energy in the next quarter-century.

Beijing may pose certain insinuations in the arena of global and regional politics by seeking innocuous supply routes and alternative energy resources. Energy security is of prime importance for China as China is in competition with the western countries and the traditional rival, India, in energy demands. Pakistan may play an interesting and important role in this game for energy as it has been lodged in the oil and gas pitches of Middle Eastern and Asian countries.

The closeness of Pakistan with the promising Central Asian pipelines and its vicinity to the dynamic sea lanes has made Pakistan be one of the major players in this new great game.

China and India in recent times are avoiding direct rival competition with each other, focusing on developing and stabilizing their respective economies. Though both countries wish to subside western made a web for energy in the region to add to the progress and development of their industries in a fraternal atmosphere nevertheless, access to the limited resources of the region for enhancing their industrial units will result in the competition, which can further pose a threat to the geopolitical landscapes of Asia. The quest and search for energy resources bound China to seek and secure safe supply routes leading to important strategic variations. (Haider, 2005)

Being sure that fortifying central control over the market economy and the influence of state power on the currency

and economic activities, China is focusing on these elements to benefit from global trade. The rise of China as an economic giant has compelled China to seek alternative energy sources to fuel its economic contraption. To ensure energy security, Chinese top cadre leaders and businessmen have been globally trotting for entering into contracts with other countries regarding oil and gas to quench their energy thirst. These arrangements for strengthening present relations and devising new treaties can profoundly affect the political geography of Asia. Though both China and Pakistan have entered into wars with India however, the post 9/11 global socio-politico and economic atmosphere have fluctuated these relations.

The energy ventures of China in South, West, and Central Asia reveal China's regional and extra-regional approach of regurgitating and refurbishing relations. Sino-Pak relations are entrenched in their enduring geostrategic considerations and conveyance necessities. On the contrary, Sino-Indian relationships are exploration and production focused that give birth to geopolitical insinuations. The conversion and diversion of relations among China, India, and Pakistan will certainly have extensive consequences for these countries and the region.

Strategic Interest of China

Gwadar Port enables China to control the Indo-US dominance in the Arabian Sea and the Indian Ocean. This Port delivers Beijing with the power to counterbalance Indian maritime activities in the Indian Ocean. Due to its distance from Karachi Port and lying at further aloofness from Gujarat and Mumbai naval bases of India, Gwadar Port bestows China with the opportunity to discern Indo-US maritime maneuvers in the Indian Ocean and the

Persian Gulf. About 60pc of Beijing energy needs transit via the Persian Gulf. Gwadar Port fortifies China to observe and control the Sea Lines of Communications (SLOCs) from the Persian Gulf to the Indian Ocean up to the Strait of Hormuz and makes the transit of goods smooth and safe for Beijing. This Port (Gwadar) is the only Port that can fulfill Beijing's ambitions of becoming naval power.

China sees with suspicion the maritime maneuvers of India in the Gulf of Aden and the Persian Gulf. The tactical plans of the People's Liberation Army of China to augment suzerainty over Indian and Pacific Oceans to ensure its policy of high-sea defense and to pursue Beijing's "String of Pearls Strategy" are the results of this suspicion. China no more endures the sole suzerainty of India over the Indian Ocean. Gwadar being the naval base at the chock-point of the Indian Ocean will unquestionably improve China's power to challenge the hegemonic designs of the USA in the region in general and India in particular.

The present transit route of China's vessels from South China Sea to the Strait of Malacca, Pacific Rim, and Sri Lanka is about 10000 kilometers long. Nevertheless, this space will be condensed to just 2500 kilometers via Gwadar Port. China's presence at Gwadar will empower its control of the transshipment of vessels in the Persian Gulf and the Indian Ocean. China can best utilize the Gwadar Port as a substitute to Malacca Strait if Beijing is repudiated access to Europe, Africa, and Asia.

The close vicinity of Gwadar Port with the Strait of Hormuz is of great strategic importance for China. Gwadar is an easy and safe transit route for China for the importation of crude oil from Africa and Iran. The existence of US and NATO forces and Indo-US nexus in the region

poses a natural threat to maritime activities of Beijing and its interest of capturing regional and global commercial markets; however, the strong base of Gwadar helps China observe the naval maneuvers of India in the Arabian Sea and the Indian Ocean and the US in the Persian Gulf.

Gwadar further provides Beijing to monitor and control the naval alliance between India and US in the future. The installation of electric posts by China at Gwadar Port, paves the way for Beijing to control maritime transportation via the Arabian Sea, Indian Ocean, and Strait of Hormuz. China considers the presence of the US and its (USA) influence and control over the Strait of Malacca a potential threat to Beijing's interests in the region.

China is apprehensive of the threat the US may pose to her in case of resentment on the issue of Taiwan between them. In hostile situations, the US may halt the importation of oil and energy resources to Beijing. Though China is an economic giant, only second to the US economy, and occupies the vast land area of the globe, still it lacks hot water port which could be open for transportation of ships for the whole year. The travel through the sea (almost 16000 kilometers) is very long and takes almost two to three months to reach Shanghai Port due to the aloofness of Chinese industries, which is time-consuming and charge hefty duties and taxes. (Khan Z. A., China's Gwadar and India's Chahbahar: an analysis of Sino-India geostrategic and economic competition)

Conclusion

The complex enmity of India and China is the result of reciprocated conflicts on border issues, the efforts by each state to be Asian and global power in the coming years, competition for alternative sources of energy to satisfy the internal needs of

their huge populations, the complex power nexus, nuclear agreements, and bandwagoning to counterbalance each other and the aspiration of each state to dominate the other to lead Asia.

China's border disputes with 12 Countries have been settled. India and Bhutan are the only two countries that do not have clearly defined boundaries, resulting in a dispute between Beijing and New Delhi. Arunachal Pradesh, a 40,000-kilometer-long state in northeastern China, is also being challenged by Beijing for its suzerainty over 92,000 square kilometers (Aksai Chin) on the Himalayan east side. In terms of strategic importance, both territories are crucial for each state, which is why the two nations engaged in the 1962 Sino-Indian War, which ended in India's loss. The Line of Actual Control (LAC) has always been maneuvered by the regular forces of India and China on their respective sides. The issue still remains unresolved even after the lapse of more than six decades which never allows the states to further improve relations.

Two hundred thousand Tibetans who have been living in Dharamsala for more than sixty years have been granted refuge by India. By supporting the Dalai Lama and Tibetans, India is accused of creating obstacles to the "One China Policy." A political refuge was granted to the Tibetans in 1959 by Jawaharlal Nehru, who disregarded China's insistence that it would not accept them.

The states lying on the north-eastern sides of India shares with China a border more than 1561 kilometers long. New Delhi blames Beijing for supporting Maoists' Insurgents with the assistance of the Kachin Independent Army through Myanmar. India suspects China that it seeks entrance to this region by supporting Maoists to get power.

India and Pakistan have been arch-rivals since the very independence, these states got in 1947. By fighting the border war with China in 1962, India developed enmity with Beijing as well. Since then Pakistan equates balance with India by bandwagoning with China, and India Counter-balances this threat by developing nuclear nexus with the USA. These developments have also added to the contention between Sino-Indian relations.

There is 60 billion dollars worth of commerce between Beijing and New Delhi, but the excess is always in China's favor. A 20 billion dollar trade gap between India and China in 2010 was a huge disappointment to India. Chinese goods are kept at cheap costs because of the state-controlled economy, which India constantly criticizes. Also, New Delhi is critical of China's trade obstacles that prevent Indian pharmaceutical companies from entering the Chinese market. India and Pakistan are stern adversaries that have fought many wars with each other. China has always been supportive of Pakistan in almost every aspect of strategic and economic significance. This has also created aloofness in Sino-Indian affinities.

Counterbalancing the Sino-Pak nexus, India has pursued the USA for strategic and economic assistance. The Indo-US Nuclear Deal is the sign of the power equation by India and the USA in the

region. Both New Delhi and Washington differ in ideology with Beijing and endeavours to halt the economic and strategic progress of the later. The economic and technological assistance provided to India by the USA has prompted the former to enter into an arms struggle with China, which is one of the aggravating element in Sino-Indian relations.

China realizing the ideological differences and economic and military competition with India and USA has tempted towards seeking alternative passages for the goods transportation in recent years. The investment and involvement of Beijing in Gwadar Port, is the result of its struggle to counterbalance US and Indian influence in the Indian Ocean, Persian Gulf, Gulf of Oman and Arabian Sea. Gwadar is the most valuable asset for China in this regard. This Port, no doubt, considerably increases the strategic depth of China in the region.

Gwadar is not only the name of a port but rather the overall linking of China with Central, South and West Asia via road links from Kashghar to Gwadar, Gwadar to Central Asia and through Arabian Sea to West and South Asia. It provides Beijing with the opportunity to foster trade ties with CARs via Afghanistan. Gwadar is a mega project, worth 46 billion dollars between China and Pakistan.

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