Pakistan’s Gwadar Port

A New Naval Base in China’s String of Pearls in the Indo-Pacific

By Gurmeet Kanwal

THE ISSUE

■ The development of Gwadar Port is a key element of the greater China-Pakistan Economic Corridor (CPEC). It speaks to both the strength of the China-Pakistan relationship and the reach of China’s grand strategy.

■ With Pakistan’s two other major ports operating near capacity with no room for expansion, projects in Gwadar promise to eventually handle one million tons of cargo annually, while also providing significant industrial, oil, and transportation infrastructure.

■ Though a “monument of Pakistan-China friendship,” there are misgivings on both sides about CPEC, including the safety of Chinese workers, the resentment of Baloch nationalists, and the growing debt trap created by the project.

■ The prospect of the PLA Navy in Gwadar poses greater security questions, as it forms another link in China’s efforts to expand its maritime presence in the Indo-Pacific region.

■ The members of the Quadrilateral Security Dialogue, or “Quad,” comprised of India, Japan, Australia, and the United States, should counter China’s strategic outreach by networking with other like-minded countries on cooperative security frameworks to ensure a free, open, prosperous, and inclusive Indo-Pacific region.
Gwadar, gateway to the $62 billion China-Pakistan Economic Corridor (CPEC), was until recently a cluster of small, little-known fishing villages on the Makran coast of Pakistan. Gwadar is only 107 miles (172 km) from Chabahar across the border with Iran and, now, both ports are being developed into maritime hubs by China and India, respectively, triggering what is being called the New Great Game in South Asia. The CPEC is projected to link Kashgar in Xinjiang with Gwadar on the Makran coast of Balochistan, the largest province of Pakistan. It is expected to bring economic prosperity to the region and is part of President Xi Jinping’s “dream of national rejuvenation.”

He Lifeng, chairman of National Development and Reform Commission—China, said in a message, “The China-Pakistan Economic Corridor is an important loop in the larger chain of Belt and Road Initiative, and would enable the possibility of a 21st Century Maritime Silk Route.” Earlier called One Belt, One Road (OBOR), the bold initiative under which multiple projects like CPEC are likely to be launched has been renamed Belt and Road Initiative (BRI). Other terms such as the New Silk Road and the Maritime Silk Road are also in use.

It is not so well known that at the time of independence of India and Pakistan from Britain in 1947, Gwadar was a principality that had been in the possession of the Sultan of Oman for almost 200 years. Gwadar had been given as a gift to Oman by the Khan of Kalat in 1783. From 1863 up to independence in 1947, it was administered by a British assistant political agent on behalf of the Sultan of Oman. At that time, the enclave comprised a few fishing villages.

After independence, Gwadar was administered by an Indian administrator on behalf of the Sultan of Oman as the two countries enjoyed excellent relations. When, at the urging of the Pakistan government, the Khan of Kalat requested the Sultan of Oman to return Gwadar to Pakistan, reportedly the Sultan first offered the port to India. However, India declined to accept the gift. Oman is then reported to have sold Gwadar to Pakistan for $3 million on September 8, 1958. Since December 1958, it has been an integral part of the Balochistan province of Pakistan. It is now being developed into a deep-water port with Chinese assistance.

PAKISTAN–CHINA RELATIONS AND CPEC

The China-Pakistan relationship has been labeled by the leaders of both counties as an “all-weather friendship.” It has been variously described as “higher than the mountains, deeper than the oceans, stronger than steel and sweeter than honey.” The two countries have colluded in developing nuclear warheads and ballistic missiles. They also have a close relationship in manufacturing military hardware. Most of Pakistan’s weapons and equipment now come from China. The relations between the two have become even closer with the China-Pakistan Economic Corridor (CPEC) beginning to take shape. Together the two countries have been assiduously wooing Afghanistan, Iran, and Russia to join CPEC for mutual benefit. India opposes CPEC, as the project is being built through disputed territory in Gilgit-Baltistan and Pakistan-occupied Kashmir (PoK).

The $62 billion project will link Xinjiang Province of China with Gwadar port on the Makran Coast west of Karachi. China is extremely concerned about the safety and security of its workers engaged in construction work in CPEC projects. Though Pakistan is raising a Special Security Division comprising approximately 15,000 personnel to provide security for the CPEC against terrorist attacks, the experience...
of Chinese dam construction in Gilgit-Baltistan has shown that eventually PLA soldiers are inducted for this purpose. The presence of PLA personnel in Pakistan in large numbers will further vitiate the security environment in South Asia.

With its growing investment in infrastructure projects in Pakistan and increase in the number of its citizens on Pakistani soil, China will have a greater stake in regional peace and stability and could play a positive role to help resolve a future crisis. However, in view of its recent track record in the South China Sea, its handling of the dispute over the Senkaku (Diaoyu) Islands, and its failure to intervene effectively to curtail North Korea’s nuclear ambitions, it is doubtful whether China will actually do so.

GWADAR PORT: PLANS AND PROGRESS

Gwadar port, now under construction, is located close to the mouth of the Persian Gulf just below the Straits of Hormuz. It is the third commercial port of Pakistan after Karachi and Qasim. Together the older two ports handle 95 percent of Pakistan’s sea-borne trade, but their capacities have been fully exploited and there is no scope for further expansion. Gwadar port is being built in phases. When completed, it will have three 200-meter-long berths and one Ro-Ro (roll on-roll off) facility. At present the port has the capacity to handle 50,000 deadweight tonnage (DWT) bulk carriers drawing up to 12.5 meters.

According to the Gwadar Port Authority’s vision statement, “Gwadar deep sea port is the second great monument of Pakistan-China friendship after the Karakoram Highway linking Pakistan and China.” Besides Gwadar port, CPEC will include transport infrastructure, oil pipelines, power plants, and industrial zones with a capital outlay of nearly $60 billion. A $2 billion oil refinery is planned to be set up near Gwadar. The port is being developed by the China Overseas Port Holding Company (COPHC), to which it was leased by the Pakistan government for 40 years in April 2017. The final expansion of the port and ancillary systems will be undertaken by the Chinese.

Funds for this ambitious project will be provided by China both through the Asian Infrastructure Investment Bank (AIIB) and by way of direct government-to-government soft loans. To help China to recover its capital investment, COPHC will get a 91 percent share of the revenue from the operations of the port and the terminal and 85 percent of the revenue generated by the free zone. Under this arrangement, though the port is expected to handle 1 million tonnes of cargo annually, the impression in Pakistan is that benefits will accrue mainly to the Chinese. Also, there are misgivings within Pakistan regarding the debt trap that the huge investment in CPEC will result in. The Pakistani elite are no doubt watching the disaster that the developments of Hambantota port and international airport have been for Sri Lanka.

RESENTMENT AGAINST CPEC IN BALOCHISTAN

Balochistan is Pakistan’s largest province, but has the lowest population (13 million) and is the least developed. The Baloch people never quite accepted the forcible merger of their province with Pakistan soon after independence from the British in 1947. Since then, there have been several uprisings in Balochistan. The current struggle of the Baloch people against Pakistan’s central government dates back to 2005. The ethnic Baloch people say they have been marginalized and deprived of their rights, with reports that thousands of people have been picked up by the Pakistan army and police forces.

The Balochistan conflict is driven by Baloch nationalists’ push for a greater share of natural resources and expanded internal political and administrative autonomy, and complicated by Pakistan’s charge that India is supporting the Balochistan Liberation Army (BLA) and India’s denial that it has offered more than sympathy to the Baloch peoples’ aspirations. Balochistan continues to remain the least-developed province of
Pakistan and poverty is rampant, leading to a sense of deep resentment among the people and no sign of resolution of the underlying political and economic sources of friction. The separatist resurgence is thwarting Pakistan’s plans to optimally utilize Balochistan’s energy reserves. It is also hampering efforts to build transnational gas pipelines from Iran and Turkmenistan—with the potential to generate royalty worth $700 to 800 million annually. Accepting responsibility for an attack on construction workers near Gwadar in which 10 laborers died in May 2017, Jeander Baloch, the BLA spokesperson, said in a statement, “This conspiratorial plan [CPEC] is not acceptable to the Baloch people under any circumstances. Baloch independence movements have made it clear several times that they will not abandon their people’s future in the name of development projects or even democracy.” In previous years, some Chinese workers have also been targeted.

**EFFORTS TO COUNTER CHINA’S STRATEGIC OUTREACH**

In China’s grand strategy, Gwadar is an important foothold that is part of its String of Pearls strategy for the Indo-Pacific. Other “pearls” in South Asia include Myanmar’s Kyaukpyu port and Hambantota in Sri Lanka. Maldives has also negotiated an agreement with China for the long-term lease of a port. Chinese maritime strategy draws heavily from Mahan’s theory of sea dominance. Mahan’s hypothesis was that whoever controls the Indian Ocean will dominate the whole of Asia. The PLA Navy is expanding rapidly and clearly aims to dominate the Indo-Pacific. If Gwadar port is converted into a naval base sometime in the future, it will enable the PLA Navy to maintain a permanent presence in the Arabian Sea and the Gulf of Oman. In the eventuality of India having to fight a two-front war—undoubtedly a low-probability scenario—the Indian Navy would have to contend with a formidable maritime force. India’s energy supplies from the Gulf and maritime trade will become highly vulnerable to interception.

Both China and Pakistan view the development of Gwadar port as a win-win situation. The CPEC is part of China’s Belt and Road Initiative (BRI) that seeks to extend China’s strategic outreach deep into the Indo-Pacific region and counter U.S. influence in the Indo-Pacific. It is also designed to give a fillip to China’s slowing economy by generating large-scale construction activity, building an alternative route for oil and gas supplies and creating new markets for China’s products. Notably, China is simultaneously engaged in building its first overseas military base in Djibouti. China’s military assertiveness in reclaiming land and building air strips and ancillary support facilities on some of the disputed Spratly and Paracel islands in the South China Sea, in blatant violation of the Law of the Sea Treaty and other international norms, has led to instability and fueled the possibility of future conflict in Southeast Asia.

However, the challenge posed by China is unlikely to go uncontested. In November 2017, senior officials of Australia, India, Japan, and the United States, meeting on the sidelines of the East Asia Summit in the Philippines, agreed that a “free, open, prosperous and inclusive Indo-Pacific region serves the long-term interests of all countries in the region and of the world at large.” This development led to speculation that the idea of a Quadrilateral Security Dialogue (also called the Quad) is being revived after a hiatus of 10 years. The Quad’s discussions for cooperative security are likely to be undertaken in concert with other strategic partners in the Indo-Pacific like Singapore and South Korea. It is expected that this will eventually lead to strategic realignment for peace and stability in the Indo-Pacific.

Admiral Arun Prakash, former Indian naval chief, wrote recently, “India’s recent agreement with Oman providing access, for ‘military use and logistical support’ in the new Port of Duqm, has raised hopes that India is, belatedly, strengthening its maritime posture in the Indian Ocean Region (IOR). There have been other significant developments too; like President Ram Nath Kovind’s visit to Djibouti and its impending recognition by India; the conclusion of an Indo-Seychelles agreement for creation of air and naval facilities on Assumption Island; and the agreement with the UAE for joint naval exercises.” India is negotiating with Djibouti for port facilities, including logistics replenishment, and for the Agalega Islands with Mauritius for use by the Indian Navy.

The Joint Strategic Vision of India-France Cooperation in the Indian Ocean Region, endorsed by India and France in March 2018, along with a reciprocal logistics support agreement, will enable the two countries to cooperate for peace and stability in the region. In fact, the India-France strategic partnership has been described in an editorial as “transcending the traditional alliance frameworks and new geopolitical fault lines.” All of these initiatives will empower India to shoulder greater responsibility as a contributor to security in the western Indo-Pacific.

The PLA Navy will pose a formidable challenge in the years ahead as it acquires a blue-water status and has naval bases and port facilities to fall back on. A concerted effort needs to be made to meet the emerging challenge. Though
it will be a gradual and long-drawn process, a cooperative security framework will eventually emerge from the discussions now being initiated by the leaders of the Quad for the security of the global commons. Cooperative security does not necessarily require a formal military alliance. Cooperative security in the maritime sphere entails the sharing of intelligence; joint counterterrorism and counterproliferation efforts; upholding the rules and norms governing maritime transit and overflights; providing help to the littoral states to meet their security needs; helping to counter piracy, arms smuggling, and narcotics trafficking; and undertaking joint humanitarian and disaster relief (HADR) operations in the region.

Brig. (Ret.) Gurmeet Kanwal is former director Center for Land Warfare Studies (CLAWS), New Delhi, and an adjunct fellow with the Wadhwani Chair in U.S.-India Policy Studies at CSIS.

Part of “China’s Maritime Silk Road: Strategic and Economic Implications for the Indo-Pacific Region.”