

The Economic Viability of Gwadar Port: An Economic Hub for Maritime Trade



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Abstract

Gwadar Port is the mega project of ongoing developmental projects in Balochistan which is shaping the economy of the World. The port is creating opportunities and possibilities for promoting regional and international shipping and it will resuscitate trade links between China and CARs being the closest route to warm waters. Gwadar Port has vast region to influence; stretching up to several breakaway states of the former Soviet Union in the north, to Iran, the Gulf, the Middle East and East Africa in the west, to India and Sri Lanka in the south. Moreover, this deep port is serving the Gulf and East African ports with fast feeder services. It has deep-water sea complementary to Karachi and Bin Qasim ports for enhancing cargo shipments and therefore it will be a mother port for Asia in the coming years.

Key Words: Balochistan, Sea, Gwadar Port, CARs, CPEC, Natural Resources, Geostrategic

Introduction

Gwadar, the deep seaport, is so strategically located that it provides Pakistan with a foothold in the Arabian Sea as well as in the Indian Ocean. If the Persian Gulf and surrounding areas are critically assessed, the whole region is shaped like a tube, wide at the top and narrow at the bottom. (Martin, 2009, pp. 23-30) The wide top area of the tube depicts Central Asia and China; however, the narrow bottom area of the tube depicts Afghanistan and Pakistan ending at Gwadar Port and, therefore, futuristically, this becomes the economic tube of the region. This port provides an opportunity for Pakistan to control the global energy corridor and if need be, interdict tankers in the Persian Gulf. (Lim, 2017, pp. 43-50). The potential of Gwadar and surrounding areas could not be realized in the past due to lack of knowledge about the benefits of the deep seaport, political will and more importantly lack of resources. In 1964, this area was recognized as a platform for a port and in 1983, the National Engineering Services of Pakistan conducted a survey for the port feasibility (Sial, 2014, pp. 32-46).

In 1993, the Govt of Pakistan directed a feasibility report for the construction of Gwadar Port. After seeing the geo-economic indispensability, the Asian Development Bank contemplated controlling the trade of CARs and regional trade. Due to this interest in the Asian Development Bank, the project got its impetus (Hancock, 2017, pp. 56-76). Initially, KPT and PQ were fulfilling the requirements of the growing volume of trade of Pakistan with a few limitations like having a long turnaround time and located far from the main shipping route. Gwadar Port was figured out to be the viable port choice in the entire region (Mangi & Haider, 2015, pp. 34-46). With subsequent infrastructural development, Gwadar Port will provide all kinds of services to include trans-shipment to all type of ships, facilities like warehouses and other facilities for conducting of trading activities with as many as 15 to 22 countries to include CARs, Gulf States, Iran, China, Afghanistan, Africa and countries of Red Sea region.

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The Importance of Sea viz-a-viz Gwadar Port:

A well-acknowledged fact to know that three-quarters of the earth's surface is covered by Sea. Mostly populated cities of the world are located within two hundred km of Shorelines. Out of the total world's population, 53 percent live within 200 km of Sea. The remaining 40 percent live within 100 km and this number will grow to 75 percent by the year 2050 (Muhammad & Qi, 2015, pp. 21-32). Pakistan has been blessed with a 1,100 km long coastline, out of which there are 771 km of coastline of Balochistan. 9.1 percent of Pakistan's population is living within a hundred km of Sea. Keeping in view these figures, Sea offers huge networking potential which helps in bestowing accessibility to the world communication centers (Tangredi, 2004, p. 656). In addition, Seas have a historical perspective to the extent of the revival of civilization on shorelines. Those nations who live near the coastlines are much more prosperous and dominant than the others (Memento et al., 2014, pp. 53-65).

Pakistan's coastline presents many sites with the potential to be converted into full-fledged Ports. Gwadar area has that situation in the inlet of the Persian Gulf. This area holds a strategically important position in respect of CARs and the Persian Gulf (Ghauri, 2006, pp. 41-65). Pakistan's dependency on KPT and PQ can be seen from the fact that it conducts its 95 percent of trading activities through these two ports. Both these ports are performing at their full capacity and with growing days the trade volume will increase manifold. To be able to take care of the hinterland trading requirements and another growing volume of trade of CARs etc a new port was required to be developed in the Gwadar area. However, a congenial environment will help in revisiting the trading activities of CARs and Afghanistan. This friendly environment will serve Gwadar as a gateway and hub for trade in rumbling the region (Butt, 2007, pp. 125-140).

There are a number of advantages of Gwadar port including strategic, geographic and economic advantages; it provides a direct and short route to China, Afghanistan, and Central Asia; more secure from India as compared to KPT and PQ; it would act as a Naval base if required; located far from any Indian interception and it can be used as a listening post to provide early warning about international sea routes (Javaid & Jahangir, 2015, pp. 63-75). Gwadar port will take care of Pakistan's concerns due to which Pakistan's development was greatly hindered. The significance of Gwadar can be judged by the fact that it is located in the vicinity of the Persian Gulf which is heavily used for transportation of oil to the rest of the world (Ali, 2004, pp. 218-230).

In addition to oil, trade for marketplaces of Asia Pacific, South Asian and East Asian, Gwadar port would also be a logical option in assessing oil trade in the future in relation to international sea routes (Khan, 2018, pp. 85-93). Viewing the significance of Gwadar Port, this port was contemplated to be the port for the future for worldwide investors in a conference held for FTZ, Enterprise Zone and Science and Technology Parks (Haider, 2007, pp. 34-45). To achieve the accruable benefits, it is of paramount importance to work heavily for the improvement of law and order situation in the area; creating a corruption-free environment; devising a mechanism for correct governmental decisions; improving political stability in the country and pinpointing profitable areas for future employment.

Need for a New Commercial Port:

95 percent of Pakistan's trade is being conducted through Sea. In 2005, the total trade volume is approximately 39 million tons for which Pakistan was previously depending on KPT and PQ. Out of which 63 % is carried through KPT and 32 % are being taken care of by PQ. Since there will be a rise in the trade volume of up to 100 million tons in the year 2019, therefore, trading activities at ports will be increased phenomenally (Malik, 2012, pp. 57-60). Forecasting the future requirements of sea trade viz-a-viz the housing capacity of the existing ports it was envisaged to construct a new port. Due to this, Pakistan would be able to fulfill the future domestic requirements as well as taking care of international cargo from and to China, CARs and Gulf linked countries of the world. (Tariq & Waqar, 2014, pp. 23-31)

For commissioning a new port in the inventory, eight sites along the coastline including Keti Bander, Somani, Hingol, Ormara, Khor Kalmet, Pasni, Gwadar and Jiwani were surveyed (Malik, 2012, pp. 67-79). After critical assessment, Gwadar was selected as the best due to its enormous advantages over the others. On a comparative basis, there was less cost of the project because of the rocky surface - fewer efforts were required to dredging, the area is spacious enough to extend, trans-shipment would be much easy as the port is located close to Sea Main Route, it is located far away from India - in case of air threat, early-warning time to react and the site provides weather protection (Hassan, 2013, p. 67). Gwadar Port was constructed at a cost of USD \$248 million by a Chinese firm to begin the project on 22 March 2002. Phase I was completed in December 2006 and inaugurated by the Ex-President of Pakistan, General Musharraf on 20 March 2007 (Ali, 2016, pp. 34-56).

An initial survey of Gwadar was conducted twenty-five years ago before finally the decision on the fate of the project was to be taken. The importance of the project is well acknowledged because of its location for obvious reasons; to get hold of the natural resources of CARs and the Persian Gulf (Shehzad, 2018, pp. 45-53). The prevailing situation in the region and growing demand to have multiple energy resources, the world is mesmerizing towards the resources of CARs and Pakistan has been bestowed upon the opportunity to get the trading shares from CARs resources and the Arabian Gulf region (Anwar, 2013, pp. 91-99). Gwadar port will be acting as Hub Port for handling the trading activities of CARs and Asia alike as well as the trading requirements of the hinterland. This kind of trading activity is much required for revival of the economy of not only Pakistan but for the entire region if executed properly.

To undertake the project, no other donor was available except China including its skilled manpower. Chinese are also involved in constructing other allied facilities like requisite infrastructures and industrial units; however, the presence of China is seen with concerns by India, Iran and the US (Ahmad & Hong, 2017, pp. 58-87). In the South Asian context, Pakistan and India are always head-on with each other on various issues including the core issue of Jammu and Kashmir. On the other hand, Iran is trying hard for a dominant position in the regional affairs. Afghanistan is a country that gets top priority as in all the probabilities the inflow of natural resources of CARs has to pass through it to Gwadar port (Hameed, 2018, pp. 76-89).

Afghanistan is facing insurgency and unless the situation is improved, nothing is the sight as far as the natural resources of CARs are concerned. Strategically no country is ready to accept the presence of China in the Indian Ocean. One can make out why Chinese are targeted in Pakistan who are involved in different projects in Pakistan, merely because of the triangular confluence situation in the region (Malik, 2012, pp. 27-43). To support the democratic process especially in the Middle East, the US has created troubled relations with her old allies in the Muslim World. To safeguard its interests, the US has already kept potent forces in the region. Whenever the US restructures its forces in the region, to follow its strategy of Asia-Pacific etc, they may require a naval base in the nearby location of the Arabian Gulf (Ahmad & Hong, 2017, pp. 48-83).

After giving the operational rights to the Chinese Company, COPHC, the possibility of asking Pakistan for Gwadar Port is very low but if materialized this will surely trigger uproar in Chinese circles (Blumenthal, 2013, pp. 231-295). As a result of this Pakistan will be facing rather a difficult situation. All the domestic ports of Pakistan are very close to the Indian bases therefore these ports could be easily compromised as happened in 1971 (Akhtar, 2003, p. 67). The Gwadar Port project was the call of the day for taking good care of all its vulnerabilities related to Sea. In all of the probabilities, Pakistan should avail of the existing economic opportunities and its economic revival.

Table I. Forecast of Pakistan's Trade

Category (Million Tons)	2010	2015
Dry Cargo	4.75	5.78
Liquid Cargo	17.55	18.78

Container (1,000 TEUs)	242	296
Trans-shipment (1,000 TEUs)	251	301
Total (Million Tons)	28.19	31.70

Source: www.Pakistan.gov.pk

It is estimated that 10% of GDP for most of the World's economies is earned through Sea. (Hill, 1986, p. 17) If international trade is measured in volume and weight, over 80 percent is seaborne mainly based on containerization. This containerized freight has grown up to 70 percent and there is an upward trend. (Tangredi, 2002, pp. 4-13) By 2012, Pakistan's GDP has grown to the US \$ 231.2 billion. Before the development of Gwadar Port, Pakistan was dependent on two domestic ports, KPT and PQ which were fulfilling the domestic needs of the country. (Ali, 2004, p. 212-234) In the year 2000, Pakistan's seaborne trade remained 38 million tons whereas the trade forecast is 100 million tons by 2019. KPT and PQ had already reached their potentials of cargo handling capacity. The total handling capacities of both the ports are 76 million tons, out of which KPT is sharing of 46 million tons and PQ is of 28 million tons annually, both cannot fulfill the growing demand of the country. (Inayatullah, Shafiq & Jamaludin, 2004, pp. 23-36)

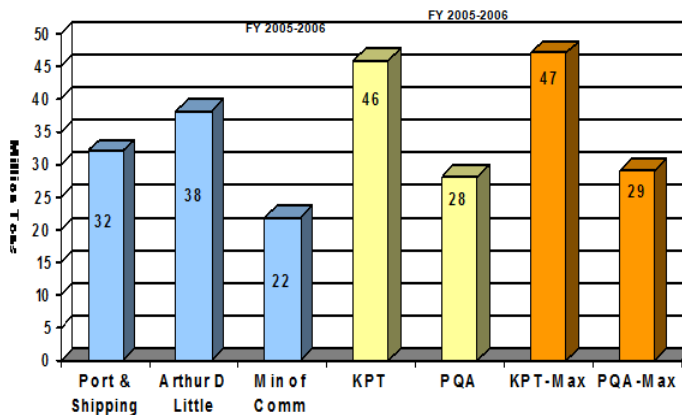


Figure 2. Forecast of Pakistan's Trade by 2015

Source: www.siteresources.worldbank.org

Hub Port and its Theory

A hub port is defined as a concentrated point for numerous trade collections. A hub port is functioning to follow the strategy of "Hub and Spokes" which is a system of physical distribution. A "hub" is primarily the system of carrying cargo among many "spokes" but spokes are nets comprising of ports or areas for cargo distribution (Radelet & Sachs, 1998, pp. 52-65). Hub ports are collecting a large volume of trade at a specified place for further distribution. In this system, the important attribute is the geographical location of the port and places where containers are transported (Coulter, 2013, pp. 2-9). The remaining aspects of the system are the capability to handle large ships, terminal facilities, availability of feeder services and managing container handling. Pakistan is looking at Gwadar thoughtfully to make it a regional hub. It is believed that this port will not only meet the increasing domestic needs but will also manage regional cargo at the port (Anwar, 2013, pp. 91-99).

It is estimated that international container traffic will reach from 600 TEUs to a level of 1000 TEUs in 2018 (World Bank, 2004, pp. 34-45). Gwadar is being equipped to meet the requirement of handling container traffic. The hub ports function with utmost proficiency; therefore, these ports are taking highly valued parts in the state economy (Clark, Dollar & Miscoco, 2001, pp. 53-76). The benefit accrued from is

the generation of income through the trans-shipment of container handling. This trans-shipment is reducing freight rates from the overseas markets, shipping time and access to haul service (Limao & Venables, 2001, p. 451). A combination of Hub Port and FTZ is created to perform as economic growth engines like Jebel Ali that functioned tremendously in commercial activities of the port. In this process, there are 1451 companies of 86 countries are undergoing commercial activities in the FTZ (DPA, 2013, pp. 67-89).

Trade Prospects vis-à-vis Expectations for Gwadar Port

Global Trade Potentials

The international shipping fleet was enlarged by 7.3 percent to reach 961 million dwt and container traffic was enlarged by 12.7 percent to reach 336.2 million TEUs in 2004. Out of which developing countries handled 137.1 million TEUs. (Blumenthal, 2013, pp. 231-295) In the future, the International seaborne trade will grow manifold. The total trading activities were measured as 44,540 BTMs compared with 27,635 BTMs in 2004. For the next twenty years or so, the demand for natural gas will keep on increasing by 2.76 percent annually. Whereas the shipping of crude oil will grow by 3.6 percent annually (Coulter, 2013, pp. 2-9). The Sea congestions in Turkey necessitate finding out some additional routes. In addition, the international markets of energy are not only needing additional resources but also additional routes for shipping. There are new trends in the shipping industry; patterns of trade, change in climate, fuel prices and costs of operation, piracy at sea and increasing impetus for continuous indispensability (UN Review of Maritime Transport, 2006, p. 32).

Ports need to take extra measures for managing and handling the growing volume of trade. (World Bank Port Reform Tool Kit, 2013, p. 23) A number of limitations for extending the capacities of ports are being experienced, therefore the construction of new ports is the right answer (Jehanzeb, 2013, pp. 91-97). The aims of constructing new ports should be; to cater to the limitations on extending the port capacities and to handle the increased volume of trade. In the case of Pakistan, considerable efforts were undertaken for the construction of Gwadar as a port. Seeing the trends, this port has all the potentials to attract and manage huge trade volume. In addition, the resources of central Asia have already gained worldwide attention and the route through which these resources can be passed on to the world is surely no other than the Gwadar port (Hassan, 2013, pp. 62-75).

Central Asian Republics (CARs) - Trade Prospects

CARs are a highly important region due to the availability of prolific natural resources. CARs are located in the Caspian Sea region. With approximately 65 million populations, CARs are comprised of Kazakhstan, Turkmenistan, Kirghizstan, Uzbekistan and Tajikistan. Out of these five states, Tajikistan, Turkmenistan and Uzbekistan is located in the close juxtaposition of Pakistan. These states are dependent on Pakistani ports for any trade-related activities with the rest of the world (Blumenthal, 2013, pp. 201-225). It is estimated that there would be a trade of US \$ 20.1 Billion and its volume would be approximately 81 million freight tons. It is further estimated that the US will be getting 80 percent of oil from CARs by 2050 (Malik, 2012, pp. 54-65).

Commercially talking with respect to the construction of pipelines etc, the distance from CARs, especially Turkmenistan to Gwadar is about 1,200 km and to Odesa, Ukraine is 3,400 km making a difference of 2,200 km. If commercially translated, this distance will affect the costs of all facilities and services being provided to the world. To further facilitate the move through road, a highway of 500 km linking CARs with Gwadar through Panjgur - Rabat - Herat is under construction. TAP if materialized will provide natural gas to Gwadar and onward to another part of the world (Jehanzeb, 2013, pp. 78-97). The Caspian proven oil reserves are between 18 to 48 billion barrels and gas reserves are 233 trillion cubic feet. These quantities depict profitable sources to be utilized by international markets. There are a lot of expectations about the linkages of the natural resources to the world and other commercial activities through Gwadar Port.

Table 3. Caspian - Proven and Possible Reserves

Oil and Gas						
Reserves (BB)	Country	Proven Reserves		Oil Possible Reserve	Total	
		Low	High		Low	High
		Azerbaijan	7		7	32
Kazakhstan	9	40	92	101	132	
Turkmenistan	0.55	1.7	38	38.55	39.7	
Uzbekistan	0.3	0.59	2	2.3	2.59	
Total		16.85	49.29	164	180.85	213.29
GAS						
Reserves (ICF)	Country	Proven Reserves		Possible Reserves	Total Reserves	
Azerbaijan	30		34		64	
Kazakhstan	66		88		154	
Turkmenistan	71		160		229	
Uzbekistan	66.3		36		102	
Total		233.3		318	549	

Source: www.quruba.edu.pk

Afghanistan - Trade Prospects

Afghanistan has experienced insurgency situations for a long time. This insurgency situation has transformed Afghanistan as a deserted country as in World War II. The Afghan economy is in shambles and cannot sustain itself without the help of foreign aid. Now Afghanistan is in an anguished state of affairs to find means and ways for boosting the economic situation of the country. The law and order situation in Afghanistan is a hindrance to economic stability; Afghanistan is very rich in minerals and about Eighty-Nine various types of mines like iron ore, chromites, copper and other natural resources will find their way to World Markets. In the year 2012, the exports and imports of Afghanistan remained at US \$ 376 million and US \$ 6.39 billion respectively (Malik, 2012, pp. 56-65).

The main outlet of Turkmenistan's pipeline is through Russia which gives restricted access to the international markets. Unocal and Amoco, the two famous US oil companies are investing the US \$ 30 Billion in the Central Asian Region which has a direct bearing on the economy of Afghanistan. Moreover, the US had already sanctioned the US \$ 1.4 Billion for TAP. This gas pipelines will supply 28-30 BCM of gas from Turkmenistan to Gwadar and a bundle of money would start pouring in Afghanistan (Abbas, 2012, pp. 3-8). In this respect, Pakistan will also get a huge economic boost of US\$ 6 Billion through TAP. This pipeline will prove to be a bonanza for Afghanistan because it will be getting a royalty of US \$ 300 million. The investment during the course of its construction will reinvigorate the ailing economy of Afghanistan to a large extent.

It will not only make the gas available for its domestic needs but will also create a large number of job opportunities. It will also assist Afghanistan to improve its professional grooming and technical base. In this regard, there are a number of dimensions which is enhancing the standing of Gwadar port for Afghanistan. First, they want easy access to the Indian Ocean for their transit needs; secondly, Gwadar will be highly beneficial for their import and export process; thirdly Afghanistan can enjoy various facilities like warehouses and other self-controlling areas where they will be given free access to conduct their business activities (Ahmad & Hong, 2017, pp. 48-83). Hence Gwadar presents the most worthy opportunity to Afghanistan. Moreover, the US will like the Afghan transit trade to be transported through Gwadar and not through Iran.

China - Trade Prospects

The economic security of China's reckons on Three Es; environmental protection, energy security, and economic growth, out of which energy is the key component. It is generally seen that China's oil import is

growing rapidly. At the moment, China is consuming twelve percent of the global energy whereas China fulfils its forty percent requirements from oil import (Anwar, 2013, pp. 43-56). Out of the total supply sixty percent is being supplied from the Middle East and by 2015, the daily import will reach 11.41 mb/d, by 2020 it will be 13.51 mb/d and by 2020, it will be 16.11 mb/d (Wang, 2018, pp. 78-89). Accordingly, to fulfil the future needs of China, the focus is on converting Gwadar into a transit terminal.

China worked to revitalize the route with Pakistan after a number of trade agreements including CPEC. In addition, China is heavily working to develop Xingjian province. This provides an opportunity for Pakistan to maximize this growing fortune through the Gwadar Port project (Haider, 2005, pp. 75-106). Gwadar and Kashgar are falling under Go Wests of China's and Look East of Pakistan's policies (Lin, 2011, pp. 53-75). China has planned to have a refinery at Gwadar Port and construction of pipelines for oil from Gwadar port to Kashgar. This project will reduce the ground distance by at least three thousand km. It will not only reduce the cost effects but will be secured than the Sea route. At the moment tankers take twenty days from China to the Persian Gulf, however, this movement will take forty-eight hours via Gwadar (Deng, 2018, pp. 34-69).

China needs to be present in the Indian Ocean for safeguarding its economic interests. This presence has been translated in the form of Gwadar port therefore it will remain pivot for China. To have its due benefits in favor, the political stability of Balochistan is a must. The economic development of the province should be the right response to address the problems of Balochistan (Khan, 2013, pp. 87-100). China is planning an oil refinery at Gwadar port to be further connected to Kashgar, and this will reduce the use of Strait of Malacca as a route for its oil transportation. After the construction of a nine hundred km highway to connect Gwadar with the Indus highway, Xinjiang will be linked with Gwadar with speedy work on CPEC projects. Let's hope that Gwadar will speed up its operation for clinching its due stake in international trade under China Overseas Port Holding (COPH) (Ramay, 2016, pp. 54-76).

Russia - Trade Prospects:

After the dismemberment of the USSR, Russia is left with a total population of 166 million which is in possession of approximately sixty percent of the area of former USSR. Due to various compulsions or by choices, twenty-five million Russians are living in former Soviet Republics. Large numbers of assets have been inherited by Russia including; oil - ninety percent, natural gas - eighty percent, facilities for an electric generation - sixty-two percent, gold - seventy percent, various industries - eighty percent and technical workers - seventy percent. Though Russia, at the moment, is not a superpower it is playing a political and economic role worldwide. In the past, Pakistan and Russia missed trade relations opportunities due to mistrust between the two countries. It has been now realized that strong bilateral trade between Pakistan and Russia is the need of the time which is of vital importance for the prosperity of the region (Anwar, 2013, pp. 91-99).

At present, there is a trade of only US\$ 542 million between Pakistan and Russia which is far less than its potential. The trade includes Russian exports of chemical products, timber, fertilizers, metal and paper products etc whereas Pakistan exports fresh fruit, leather, surgical equipment and textiles etc. Russia is possessing rich traditions for transferring technology to developing nations and therefore efforts are required to enhance bilateral trade up to US\$ 4 billion. An opportunity exists in the textile sector between the two countries as Russia is the third-largest importing nation of textiles and Pakistan is the third-largest exporting nation of textile in the world (Rocca, 2003, p. 75). The real backwardness of Russia lies in non-accessibility to warm waters. Russia and CARs trade relations with Pakistan have improved manifold (Feller, 2016, p. 26).

Iran - Trade Prospects

The economic ties between Iran and Pakistan date back centuries; however, the progress achieved remained marginal because of economic and political reasons. Due to these breakdowns and the

involvement of major powers, trade between the two the countries continued without much interruption (Sial, 2014, pp. 32-46). Pakistan has imbalances in trade with Iran during the period of 1996 -2005, but there has been an upward trend in the export growth as well as the import growth. However, after comparing the average export growth rate of 48% with the average import growth rate of 40%, Pakistan's position is much better than Iran, showing the rise at a rate of 20% more than the growth of imports. This is a well-received sign for Pakistan and indicates that there is greater potential for its exports (Achakzai, 2005, pp. 43-58).

The Gwadar project was developed very close to the Bandar Abbas and Chahbahar ports of Iran, and, naturally, Iran had developed bad feelings over it. However, India is exploiting this opportunity to the maximum. It is highly appreciable that with due concerns, Iran took the initiative to plan an oil refinery at the cost of US\$ 4 Billion in Gwadar Port with a view to carry out combined efforts on transit and trade-related aspects (Roseth, 2017, pp. 76-87). Iran and Pakistan should take the entire coastline as one region for initiation of trade activities, and this integration will be highly beneficial in the long run in terms of averting all evil designs of other powers and their exploitation efforts to interfere in the internal affairs of both the states. This integration and cooperation will be a foundation for making a strong block in international politics.

European Union - Trade Prospects

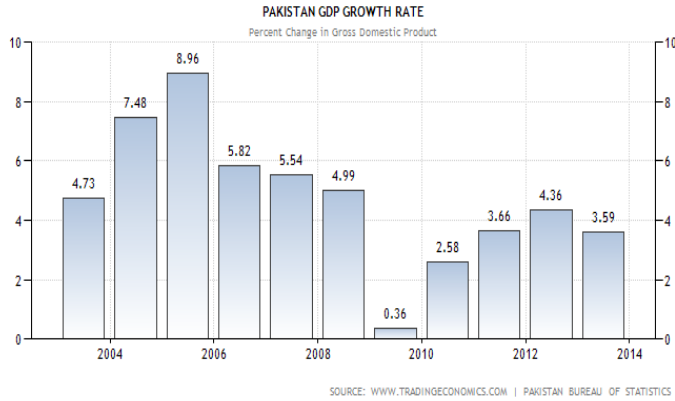
The European Union does not have any stake in relation to Gwadar Port as these nations are not part of this region. However, for them, the region is having much importance due to their dependency on the energy resources of CARs. In this respect, the US is also trying to interlink these resources to the international markets. This linking may be undertaken anywhere but the US does not want to use port facilities of Iran or any area of Russia. Obviously, the only option left with the world to materialize Gwadar port as a transit point for making the natural resources of CARs accessible to the international markets. The European Union hints on the use of the Arabian Sea, initially transiting through Afghanistan, and then to coasts of Pakistan. The option to use the trade route through Iran will remain there but this is not mismatching the interests of the US; therefore Gwadar port will be the choice worldwide (Garofano & Dew, 2013, pp. 43-69) .

Domestic - Trade Prospects

With a host of structural hindrances, Pakistan is facing a lot of challenges like floods, poor law and order situation and energy shortages that have held back investment and growth in the country. During the last five years, economic growth continued to be 2.9 % per annum. It is worth mentioning that we are totally dependent on the effortless and inexpensive available commodities in the shape of foreign aid. This tendency of having inexpensive foreign aid has disheartened the promotion of local industries to a great extent. The ADB and IMF have already predicted actual Pakistan's GDP to grow but it is 3.59 percent for the financial year 2012-13 (Ali, 2004, pp. 212-234).

There are a lot of expectations from Gwadar Port with respect to its role in revitalizing and improving the economy of Pakistan. Quite a large number of industrial units are in the process of establishment. After the establishment of these units in Gwadar Port and adjoining areas, a handsome volume of trade from these industries will pour in. The Govt is enlarging the scope of incentives to the investors through planning and declaring an EPZ and TFZ (Khetran, 2013, pp. 13-34). In addition to the potential sources of gas and oil exploitation, a fishing harbor and other port-related industries are being exploited. Exploiting this long patch of the coast of Makran will promote a lot of fishing activities and other commercial activities throughout the year. This will bring the fishing industry to the peak by exporting large numbers of crabs and other species of fishes (Hassan, 2013, pp. 62-75).

Table 4. Pakistan's GDP Growth Rate



Source: www.tradingeconomics.com

Tourism is not only important to project the image of the country but it attracts investors through well-organized tourism feasts. The main sites for tourists are the World War-II mud-air-strip, hill stations, mud volcanoes, deserts, golden beaches, archeological sites, green turtle nesting beaches and Princess of Hope. In addition to the inbuilt beauty, there are a number of important sites worth seeing like the abode of Hindu goddesses Hinglaj, Jiwani, Pasni and Ormara. It is expected that with the development of rail links with the rest of the country, it will not only increase passenger traffic worth US\$ 100 million but will also promote tourists from Afghanistan, Central Asia and even inland tourism (Malik, 2012, pp. 56-65). The expectations are very high from this sector; however, efforts will be required to create a conducive environment so that passengers and investors alike could flow in the area.

Table 5. Domestic Trade Forecast

Category	2010	2015
Dry Cargo (MT)	4.74	5.77
Liquid Cargo (MT)	17.54	18.77
Container (1000 TEUs)	241	295
Trans-shipment (1000 TEUs)	250	300
Total (MT)	28.17	31.68

Source: www.pakistan.gov.pk

Ports bring a lot of prosperity, uplift in the social sector and promotion of industries in the port and the close vicinity. Gwadar port provides a lot of business opportunities that are being offered for its profitability. Moreover, in the list of incentives, Gwadar port offers an FTZ and EPZ which would be rich sources of generating commercial activities. After the establishment of Free Zones, Jebel Ali has reckoned imports up by twenty percent, the exports thirty-six percent and employment and capital investment thirty-nine. This FTZ of Jebel Ali has gradually transformed Jebel Ali from the centre to a base of industries and manufacturing units were over 331,451 companies of more than 86 countries conduct their business activities (Jehanzeb, 2013, p. 91).

Balochistan is very rich in minerals. There are nine mineral zones in Pakistan and five major zones happen to be in Balochistan. Obviously, due to various limitations, these zones were not reviewed hitherto. It was mainly due to a lack of market access and poor communication infrastructure (Ali, 2016, pp. 34-56). Because of these compulsions, its contribution to GDP is only about 0.5 percent. This sector will

reverberate if a long-term mining strategy is worked out, skilled manpower is properly organized, the required infrastructure is fully developed, and mineral-rich areas are connected to Gwadar Port. The Saindak Copper-Gold Project in Chaghi will be producing 20,000 tons of blister copper to generate revenue of US \$ 45 million annually (Hameed, 2018, pp. 76-89).

According to Dr. Mubarakmand, the Reko - Diq reservoirs located in Chagai were spotted in 1978 by the Geological Survey of Pakistan. In 1993, a deal was accorded with Tethyan, an Australian Company, but as decided by the Supreme Court of Pakistan the deal was canceled. Tethyan went to the International Court of Justice in which the Balochistan Govt was a party in the case. The case was won by the Balochistan province in the International Court of Justice (ICJ). Reko - Diq has a large deposit of copper porphyry (Zafar, 2013, pp. 56-76). Reko - Diq's annual production is calculated to be 200,000 tons of copper and 250,000 ounces of gold from 600,000 tons of concentrate. The profit is estimated to be US \$ 200 billion-plus over 55 years of the life of the mine. The higher estimate of the same goes up to US\$ 500 billion (Sehgal, 2014, pp. 43-52).

Fisheries are being organized with traditional methods of fishing all along the coast of Pakistan. However, with the construction of a port anywhere in the coastal areas, fishing in surrounding areas is not only organized but EEZ is also properly exploited (Masood, 2014, pp. 31-56). In the next ten years, it is estimated that when Gwadar port will be fully operational, this sector will generate approximately US\$ 1 billion. At the moment the fish catch in Pakistan is 446,100 metric tons annually and out of this catch, the share of Makran coast is thirty percent (Haider, 2005, pp. 75-106). Marine fishes have a large family including, Tuna, Shark, Pamphlet, Mackerel, Sardine, Butter Fish, Hilda, Sole, Eel, Sea Bream, Jew Fish, Cat Fish etcetera. The exports of fish and fishery products yield about 2.5 billion rupees. There is a standing stock of more than two million metric tons on the coast of Makran.

Sixty-two other schemes are under progress and many more can be initiated in Gwadar areas (GDA's brief, 2006, pp. 53-98). Some of the potential schemes are.

- Heavy Industries.
- Fish Processing.
- Cold Storages.
- Ferry Service.
- Canned food.
- Warehouses.
- Wind, Solar Power Generation.
- Clearing & Forwarding Agency.
- Hospitals & Clinics.
- Re-rolling Mills.
- Ship Breaking Industry.
- Fisheries Training Services.
- Dates Processing.
- Port Management Projects.
- Oil Palm Cultivation.
- Automobile Repair Workshop.
- IT Related Industries.
- Housing Projects.
- Boat Building.
- Oil Refinery, Storage Tankers.
- Restaurants and Hotels.
- Shipping Industry.

FEZs are playing a very vital role in the growth of GSP of countries. In fact, it is a well-thought plan under which the country sustains the initial set back because nothing is coming in the economy but then commercial activities are attracted without interacting geographical boundaries. Pakistan has been benefited due to its rich coastal area and large EEZ. Under international continental law, the EEZ of Pakistan is an area of sea i.e. 240,000 sq km, over which the state has exclusive rights to explore for economic purposes (Mustafa, 2013, pp. 34-76). FEZs are those areas which are located on geographically important features feasible for the conduct of commercial activities and are situated in the vicinity of the ports. This can also be areas that are located far from the sea like the Jordanian - Syrian and the Nasr city. The areas of FEZ should be around 185 sq km. Success lies in close cooperation and interaction among those who are functioning port hardware for conducting exports and imports and port-related facilities and services. In this regard, China's Overseas Port Holding Company is fully equipped with requisite experience and facilities to convert Gwadar FEZ as a highly capital returnable area (Ghazali, 2008, p. 65).

The presence of Extra Regional Forces has increased its activities in the region and whose presence is actually to guard their political and economic interests are constant sources of worry in the region. Gwadar port itself would require a full-fledged port defense infrastructure. A formidable port and the seaward defense require to have multiple convoy protection capability, would require an increased number of ships and other naval platforms in the area (Ahmad & Hong, 2017, pp. 48-83). In the absence of the threat as once presented by the Former Soviet Union, the new US National Strategy defines three basic threats which are North Korea and Iran with interests opposed to those of the US and its allies, intercontinental missiles and the nuclear issue.

A transnational phenomenon exists that is including terrorism, narcotics, drug trafficking, refugee flows and an emerging class of environmental and natural resources issues. A critical analysis of these threats reveals that Pakistan is located in a region that is highly volatile. The presence of ERFs will continue in the region for an indefinite period. To cater to all these eventualities, Pakistan has already commissioned Ormara as Naval Base since 2000. In addition, Gwadar port areas have been designated as Sensitive Defence Zone of Pakistan (Abbas, 2012, pp. 3-8).

Conclusion

Gwadar Port has the potential to accommodate regional trade including the trans-shipment from CARs, the Middle East and other important regional countries. In this direction, the Chinese commitment to managing the project is instrumental including its help in technical handling and operationality of the project. On the other hand, China is investing over US \$46 billion in the economic corridor to fulfill its future oil requirements from this project. Overall, China is fully committed to develop and take advantage of its strategic relationship with Pakistan and help the region to develop peacefully. Since the project is very much viable, other nations are also investing in the same tempo. This is an excellent opportunity to keep upgrading our road communication linking all the important countries to generate revenues for our future economic revival.

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