

ECONOMIC SIGNIFICANCE OF GAWADAR PORT

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ABSTRACT:

Gawadar port has been recognized as a deep warm water port in Pakistan. As a port its primitive outcomes are supposed to be economic but its geo-strategic location has brought strategic and political implications of developmental project being initiated at Gawadar. These economic, political and strategic implications of Gawadar Port project have turned attentions of a number of regional and international powers towards the port.

The basic objectives of the study are to build a general level of understanding towards the economic significance of the Gawadar port and give a direction to the policy makers of the province to think about the development of the port which is highly important for the people of the province. This study is descriptive in nature. The methodology adopted to collect the data was secondary and as well as the personal opinions of the stake holders of the port were also inculcated in the study.

INTRODUCTION:

With a populace of less than fifty thousand, the small town of Gawadar is now en-route to become a hub of economic activities in the region. The government's decision to declare Gawadar an industrial zone will attract investors, create job opportunities, and open up new vistas of economic and tourist trade development in the coastal region.

Gawadar is located on the southwestern coast of Pakistan, on the Arabian Sea. It is strategically located between three increasingly important regions: the oil-rich Middle East, heavily populated South Asia and the economically emerging and resource-laden

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region of Central Asia. Gawadar Port became operational in 2008, with the first ship to dock bringing 52,000 tonnes of wheat from Canada. Minister of Ports and Shipping Sardar Nabil Ahmed Khan Gabol officially inaugurated the port on 21 December 2008. **(Latif & Malik: 2008)** China has acknowledged that Gawadar's strategic value is no less than that of the Karakoram Highway, In addition to Gawadar serving as a potential Chinese naval anchor, Beijing is also interested in turning it into an energy-transport hub by building an oil pipeline from Gawadar into Chinese-ruled Xinjiang. The planned pipeline will carry crude oil sourced from Arab and African states. Such transport by pipeline will cut freight costs and also help insulate the Chinese imports from interdiction by hostile naval forces in case of any major war.

Built with Chinese assistance - just how much is debatable, though US\$200 million for the first phase is an accepted figure plus loans - this multibillion-dollar scheme is regarded as not only an important economic asset but also a strategic one. **(Sarfaraz: 2008)** The first phase included the construction of three multi-purpose ship berths, while the second, to be completed by 2010, involves nine more berths, an approach channel and storage terminals, by which time it will provide full warehousing, trans-shipment and industrial facilities. The Pakistani government is positioning Gawadar as "an energy port and hub for storage and refining.

Alongside this, the Pakistani government has ambitions to develop Gawadar into a South Asian Las Vegas, a regional entertainment hub filled with casinos and five-star hotels.

This is a far cry from what Gawadar was just five years ago. Before the port's construction began (2002), Gawadar was considerably smaller, with just one high school, basic infrastructure and limited job opportunities. **(Mc Lachlam 2006)** In fact, most employment centered on fishing and small-scale smuggling in what is the country's poorest province. As a result, when the authorities made the port announcement, the town's inhabitants welcomed the decision, envisaging better prospects.

In fact, what has unfolded is a tale of displacement, lost job opportunities, dubious land deals and increasing local violent hostility. **(Bonine: 2004)**

The rapid increase in land prices in the region has made small elite extremely wealthy; though for the everyday resident of Gawadar the reality is very different. Allegations of land grabs and shady deals are rife with the benefits accrued by influential outsiders and their cronies coming at the expense of the town's indigenous inhabitants. Most residents have also found themselves running short on water as well as displaced, rehoused inland, a considerable distance from the sea and their traditional fishing areas. And Gawadar

reportedly still has just one high school, despite its burgeoning size. (Shirazi: 2008)

TRADE FORECAST:

The envisaged trade forecast of Gawadar port is mainly based on the cargo from Western China, Afghanistan and Central Asian Republics. The estimated cargo handling of Gawadar port based on future prospects, till year 2015 is as follows:

Category	Year		
	2005	2010	2015
Dry Cargo (million tonnes)	3.96	4.74	5.77
Liquid Cargo (million tonnes)	16.62	17.54	18.77
Container (1000 TEUs)	200	241	295
Trans-shipment (1000 TEUs)	200	250	300

(Gazetteer of Balochistan 2007-08)

Central Asia's bountiful oil and natural gas reserves have made the region an increasingly important area. No wonder that all eyes are on this region. The volume of the proven energy reserves of the Central Asian region is as under:-

Proven Reserves, Central Asia			
Country	Crude Oil (Million Barrels)	Natural Gas (Trillion Cubic Feet)	Coal (Million Short Tons)
Kazakhstan	5,417	65	37,479
Kyrgyzstan	40	0.2	895
Tajikistan	12	0.2	Minimal
Turkmenistan	546	101	Minimal
Uzbekistan	594	66.2	Minimal

<i>Total</i>	<i>6,609 million barrels</i>	<i>232 trillion cu ft</i>	<i>38,374 million tons</i>
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(Government of Balochistan Annual Report 2002-03)

<i>Country</i>	<i>Petroleum (Thousand Barrels/ Day)</i>	<i>Natural Gas (Billion Cubic Feet)</i>	<i>Coal (Million Short Tons)</i>	<i>Crude Oil Refining Capacity, (Thousand Barrels / Day)</i>
<i>Kazakhstan</i>	<i>811</i>	<i>314.3</i>	<i>82.4</i>	<i>427</i>
<i>Kyrgyzstan</i>	<i>2.1</i>	<i>0.5</i>	<i>0.8</i>	<i>10</i>
<i>Tajikistan</i>	<i>0.4</i>	<i>1.4</i>	<i>0.02</i>	<i>0.4</i>
<i>Turkmenistan</i>	<i>159</i>	<i>1,642</i>	<i>0</i>	<i>237</i>
<i>Uzbekistan</i>	<i>137</i>	<i>1,992</i>	<i>3.3</i>	<i>222</i>
<i>Total</i>	<i>1,109</i>	<i>3,950</i>	<i>86</i>	<i>896</i>

(Source: Government of Pakistan Board of Investment Report 2008)

PROSPECTIVE PORT FOR REGIONAL COUNTRIES:

Trade Prospect with CARs: The total population of this region is around 65 million, which is distributed amongst 6 states, out of which Uzbekistan, Tajikistan and Turkmenistan, have close geographical proximity with us and as such will be the potential users of Gawadar port. The present total foreign trade of the area is estimated to be 20 billion US\$ with 12 billion US \$ of exports. The total international trade in terms of weight and volume is approximately 80 million freight tons. The main items and commodities of trade brought in from various ports are all kinds of consumer goods, electronic items and garments.

Exports, which are our main focus of attention, include cotton, metal ores, machinery, gas and oil.

The road distance from Kushka in Turkmenistan to Gawadar is only 1200 kms whereas, the nearest Black Sea port of Odessa in Ukraine is approximately three thousand and four hundred kms away from Central Asian States (map at annex D). Thus Gawadar automatically becomes the most viable option available with the CARs. A 500-km long highway connecting Gawadar with CARS via Panjgur, Chaghi and Rabat, up to Herat is therefore being rightly planned. **(Federal bureau of Statistics 2007)**

Trade Prospect with China: China is an economic giant of the region. The trade prospects with China are envisaged to evolve along with the construction of the port. Being a coastal region, the eastern part of China is far more developed than her Western region. But ever since China has triggered the western development strategy in the late 1990s, the western region has drawn the attention due to its cheaper labour force, rich natural resources and potential huge market. Incidentally the southern tip of the huge Xinjiang autonomous region is four thousand five hundred km from Chinese ports located on the eastern coast but only about 2500 km from ports of Pakistan. It is expected that China's use of Gawadar port for exports originating from western region will provide her preferred option over the ports located along her eastern coast, for which a distance of 10,000 km has to be covered. Thus it may be logically visualized that Gawadar port will be an integral part of the China's Foreign Trade route in future.

The existing Karakoram highway already connects western China with Pakistan. With further expansion and upgrading of this traffic artery and proposed linkages with Gawadar via planned Ratodero – Khuzdar road, Western China shall have easier access to Gawadar. (China Information Center July 2004) (Map at Annex E)

Trade Prospects with Afghanistan: Afghanistan after having been placed on a path of development is in desperate need of finding new avenues for boosting its economy. The country is full of natural resources amongst them are huge deposits of copper, high-grade iron ore, chromite, sulphur, zinc, precious stones, oil and gas. Besides this, the country possesses reserves of oil, gas, coal and precious stones. Once the conditions in Afghanistan become conducive to full exploitation of this productive potential, it will trigger a formidable momentum of trade activity, which would need operationally feasible and economically viable sea trade routes. Another important fact is US approval of over 1.4 billion US \$ for the economic recovery of Trans Afghan gas pipeline. This project will carry 30 billion cubic meters of gas per annum from Turkmenistan's gas fields to Gawadar, and will be the first and foremost step towards the perceived economic benefits. With almost 30 billion US \$ already invested by US oil companies in Central Asian region, the suggested Afghan route would cost only one-half the amount of the other alternative, which would run through Georgia to Turkey's Mediterranean coast. This 1500 Km pipeline project can yield significant revenues as Pakistan has plans to build a liquid-gas plant at the Gawadar Port for export purposes. Therefore, the importance of Gawadar Port in providing sea access to Afghanistan cannot be over stressed. (Gazetteer of Balochistan 2007-08)

Investment Opportunities:

The initial phase of the Port Project has been completed in 2005. As this project is of immense national importance, which is also designed particularly to benefit the local people of the area such as job opportunities, improved social services delivery, venues for business and trade etc

Investors from all parts of the country and abroad are warmly welcomed. The people of Mekran, Gawadar and other adjoining districts are particularly encouraged to invest and avail the benefits from the project.

Major Projects for Private Investors:

- Establishment of Shipping Agencies
- Goods Transportation Services
- Proposal for starting ferry services between Gawadar, Karachi and Gulf States
- Large scale residential schemes, all sorts of industrial projects and big hotels
- Establishment of freezing and packing facilities for the fish industries
- Wireless Cab System can be established
- Establishment of large private schools and hospitals
- Investment in Water Desalination Plants
- Electric Power Generation
- Oil terminals
- Ware-housing/ Container Yards

Tourism Attractions:

The government has already declared tourism as an industry and is taking practical steps in this regard. Incentives have also been given to tourists visiting Pakistan like availability of chartered flights, helicopter services, 30 days visa at the airport etc. In Gawadar, PTDC has four acres of land earmarked at a prime location in Gawadar over which a 12 room motel was approved for construction. The project however, could not be implemented due to lack of funds. PTDC has welcomed investors to undertake the project and enhance its scope to

a beach resort having multifarious activities. The government of Pakistan is also giving various incentives to investors in this region. With the completion of the port the tourists flow is likely to increase many folds in Gawadar. **(Pakistan Federal Bureau of Statistics annual report 2007)**

Geo-Economic Importance of Gawadar:

With a population of 160000, the Gawadar Town on Makran Coast is now set to become a hub of shipping, commercial and industrial activities. Pakistan and China had signed a comprehensive agreement on March 16, 2002 at Beijing undertaking the task of construction of Gawadar deep seaport of universal standards. The work on the first phase of this mega project, which is being constructed by Chinese Harbor Engineering Company, is now at full swing. The project is bound to be a vital landmark in the economic development of the region. (**Gazetteer of Quetta/ 2004-05**) The port comes as a much-needed national requirement in the wake of the rise in cargo traffic at Keamari and Bin Qasim, which are operating at full capacity. It is expected that Pakistan's maritime traffic would rise by three folds by 2010. With the construction of a third port, it is estimated that Pakistan will not only be able to meet its own requirements of the future but also offer its port facilities to the neighboring countries.

Gawadar is now destined to be the most important upcoming coastal town located on the inter junction of the three most strategically and economically important regions of the world that are oil rich Middle East, South Asia where one- fifth of world population lives and the Central Asian Republics endowed with mineral wealth and an educated and highly skilled and disciplined workforce. (**Tariq & Abdus Salam: 2006-2007**)

CONCLUSION:

Activities at Gawadar are expected to generate about two million new jobs in the next 8–10 years. Despite the challenges, the overall potential for development of business, commerce and services at Gawadar is indeed impressive. Provided the GOP is sincere and effective in implementing the plans for building inland road/railway links, the dream of a booming Gawadar will come true. Shipping experts are of the view that without deepening the proposed channel and the installation of the Gantry Cranes, the Gawadar port would turn into a mere junkyard for the shipping industry. Experts have suggested that the Customs authorities must come up with the earliest establishment of Gawadar Customs House and required notifications so that the shipping community could plan their investments in the area. It is suggested that the government has to take initiative to get the confidence of

stakeholders restored and consider their suggestions for the development of Gawadar, otherwise without taking such efforts; it would not be improved. As Gawadar deep sea port holds a great promise for the region and can usher it into an era of unprecedented progress and prosperity, the leaders need to be extra vigilant.

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