

China Pakistan Economic Corridor Reinvigorating Blue Diplomacy by Linking Eurasian Continental Plate with Indo- Australian Oceanic Plate

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Abstract

Dubai Port World has always dominated the trade through strait of Hurmoz and has been influencing the shipment of energy resources through its ports. However the emergence of Gwadar Port as a gateway to strait of Hurmoz has started a competition among regional ports. Interests of regional and extra regional players in Central Asian hydrocarbon reserves have invigorated the value of Gwadar Port. The Port as a pulsating regional economic hub has caused the regional and extra regional powers to grow premeditated and infra structural growth with Gwadar Port that has become a centre piece of Chinese One Road One Belt Initiative and China Pakistan economic Corridor to reach the energy rich Central Asian Republics, Africa and Europe. However regional countries like Iran and Dubai Port World have interests to keep Gwadar Port out of competition as due to its location as a link between Strait of Hurmoz, Afghanistan, Central Asia and China. Gwadar can dominate the regional ports so Pakistan should address the regional countries pragmatically to turn Gwadar as a regional energy corridor.

Key Words

China Pakistan Economic Corridor, Geo-Political, Gwadar, Sea Lines of Communications, Central Asian Region, Indian Ocean Region.

Geo-Political Prominence

“If we see this whole region, it is like a funnel. The top of the funnel is wide area of Central Asia and also China's western region and the

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funnel gets narrowed on through Afghanistan and Pakistan and ending Gwadar Port. So this funnel, futuristically, is the economic funnel of this whole region.”¹

Geographical environment is considered as one of the important factors influencing the development of human society. The most critical element of the environment is the sea, which occupies almost three-quarters of the surface of earth. Pakistan has very little strategic depth and Gwadar will add to its strategic depth as additional distance of 460 Km away from India which will decrease the vulnerability of Pakistan. Gwadar will help Pakistan to monitor the Sea Lines of Communications (SLOCs) originating from the Persian Gulf and bottle neck at Strait of Hormuz. Strategically, keeping in view the establishment and improvement of Pakistani Naval Bases at Gwadar and Ormara by Pakistan Navy, presence of Chinese Naval assets in Arabian sea in form of Chinese naval fleet visits to Pakistan, domination of Arabian Sea and Persian Gulf by U.S as it has based its 5th Naval Fleet with two aircraft carriers and Indian Naval plans to build a Blue Water Navy will also be affected. This will also establish Pak-China naval nexus to deny manoeuvre space to Indian Navy in Indian Ocean. Gwadar has the potential to acquire the status as a gate to Strait of Hurmoz and can compete with the Dubai Port World (DPW) by improving the exiting trade linkages with Caspian Region through China or Afghanistan via Wakahn Corridor. However Gulf Countries and Iran have concerns about Gwadar. CARs and China have most significant economic interests whereas Chinese and the U.S interests are divergent. This will also establish Pak-China naval nexus to deny manoeuvre space to Indian Navy and will make maritime communications safer for commercial shipping in Indian Ocean (Chaliand, 1994:835). If Malacca Strait is blocked by U.S Gwadar can serve as an alternate route for Chinese trade in the Indian Ocean and to West Asia. In military and strategic terms Gwadar can help China to monitor the sea-lanes from the Persian Gulf as about 60% of Chinese energy requirements come from the Persian Gulf and transit along this sea-lane. The Gwadar Port can provide China a

¹ Former President of Pakistan Gen. Pervez Musharraf during ground breaking ceremony of Gwadar Deep Sea Port, (Gwadar), March 22, 2002.

Listening Post to observe the Indian naval activities around the Persian Gulf and Gulf of Aden (Combined Maritime Force-150, n.d.).

The globalisation has brought trivial changes in the world economy and has led the civilization to a 'Borderless Civilization. This phenomenon has considerably increased the sea trade from, 2.37 billion tons of cargo to 5.88 billion tons of cargo moving through the sea (Stopford, 2009: 3). After years of painstaking deliberations by Government of Pakistan, Gwadar was chosen as the most suitable alternate port. Its location is close to the international SLOCs and is suitable for trans-shipment facilities for Gulf Countries as well. Being a large harbour it offers natural protection against winds and provides fresh environments as it detached from main land. Gwadar Port being a gateway to the Persian Gulf at the Hurmoz Strait will offer various harbour services like show casing and storage of sea resources, shipment, trans-shipment, and manufacturing conveniences for regional, extra regional key players, UAE and European nations. European nations are striving to reach this mineral rich region through Caspian Region earlier than other key players through Gwadar and Afghanistan.

Concerns of Regional and Global Countries

Strategically Gwadar holds a dominant position in the Gulf Region as part of the 'Great Game (Bhonsle, 2006:123). It has enormous potentials to emerge as a regional hub and a future trans-shipment port. However the changed environments have a few concerns for the global key players to exploit its potentials to the fullest.

Concerns of Beijing

Chinese naval presence at this critical choke point of Persian Gulf can not only check the Indo-US domination of Indian Ocean as India is establishing a military base at Andaman Nicobar Islands to influence Six and Ten Degree Channel, moreover India is endeavouring to build a Blue Water Navy and induction of INS Groshkavo (Russian air craft carrier is a clear indication) (Nixon, 1992:63) but can also strive to achieve its aim of being a naval power (Yeuh, 1972:40). Gwadar Port can be of help to China in improving its ever expanding trade to Central Asia, Middle East and Africa, as it will reduce the sea distance to 2,500 kms instead of

10,000 (Khalid, 2009:8). Gwadar offers Beijing, a tactical position in the energy rich Caspian Region thus, affording a substitute trade route for the western Xinjiang province, thus utilizing it as a trade route through Gwadar Port. Chinese's economy is expanding at the rate of about 8 per cent every year with trade volume of U.S \$1.76 trillion and GNP ranging up to 7.3 per cent. China has foreign exchange reserves of U.S \$ 600 billion. Having such a strong and a potent economic growth rate China is expected to be the world leading economy by year 2025. Chinese effort to lay more emphasis on regional economic developments and all-out assistance for the development of Gwadar Port to Pakistan and has taken over its functioning for being the most suitable pearl among the string of pearls and Beijing is likely to get following benefit from the Gwadar project:

- Xinjiang being largest Chinese province shares borders with Pakistan, CARs and Afghanistan. The Uighurs and Turks dominate in the western Muslim Xinjiang province. The Gwadar port is very prudent for the Chinese economy especially for the economic development of its south western Xinjiang Province as it provides an option to utilize the shortest approach to the Persian Gulf only by traversing 2,500 kms on an existing Silk Route.
- The Gwadar Port can provide the Chinese with a listening post to observe the naval activities of U.S in the Persian Gulf 460 km further west of Karachi and away from Indian Naval Bases.

The Indian activities in the Persian Gulf and Gulf of Aden have always been an eye sour for the Chinese. Zhao Nanqi, director of the General Staff Logistics Department of the Chinese Navy issued a top-secret memorandum explaining the People Liberation Army's strategic plans to enhance control over Pacific and the Indian Ocean in accordance with the "high-sea defence" policy by pursuing its 'string of pearl strategy'. Zhao stated that "We can no longer accept the Indian Ocean as only an ocean of the Indians".

Securities of CARs

Central Asia and South Asia, encompassing Caspian Region, CARs, Afghanistan and Iran and the energy-rich 'lake' called the Caspian Sea

have a vital geo-economic value. CARs need to settle maritime borders of Caspian Sea as it remains an object of continuing debate between Turkmenistan, Iran and Uzbekistan and Azerbaijan (Blank 2009:1). The CARs need economically feasible pipeline itineraries to shun away their dependence on Russia (Blank 2009:2) by exporting their hydrocarbon resources through Gwadar being the shortest and secure route and Iranian route is not suitable due to the U.S and Russian concerns (Ghaleb, 2009:65). The western oil exploring companies are not in favour of the trade route through Iran; hence Gwadar emerges as the most viable port. The investment for liquid cargo passage through pipeline via Gwadar, Caspian Region and China will be U.S \$ 2 to 2.5 billion, U.S \$ 3.3 billion and U.S \$ 35 billion respectively.

Interests of Afghanistan

Afghanistan has been gifted with a number of natural resources. However these resources are not being fully exploited. Afghanistan currently has fewer exports. Its economy mostly depends on the imports for which land locked Afghanistan needs a transit route through (Matinuddin, 1991:308). Pakistan can also benefit by providing a safe transit route through Gwadar as it provides the shortest possible access for Afghanistan to the Indian Ocean so is the most cost effective. The local Pashtuns have religious, cultural and economic linkages with Pakistan. In recent environments concerning Iran issue the U.S would also like that the Afghan trade should be routed through Pakistan and not through Iran. Afghanistan being a Muslim neighbour will get all the port related amenities, warehousing services, transit conveniences and import opportunities.

Gwadar Port has the potentials for harmonising cultural and economic ties among the people. Although presently a war ravaged country, it has every potential, both in terms of human and natural resources to improve its economy through this port. Trade from CARs is dependent upon peace in Afghanistan. According to an estimate, CARs contain up to U.S \$ 250 billion barrels of petroleum and largest gas reserves.

Concerns of Persian Gulf

Persian Gulf countries are the pivot of the world's oil trade. They share two third of international oil trade. Besides the exports in the oil sector, the Gulf region has very few exports and is largely dependent on the imports from around the world. Other than these imports the region is now developing its exports with Iran and India. Considering the facts mentioned above Gwadar port, due to its location, will be significant to the Gulf Region. Oman being next door neighbour is likely to profit most from this project by capitalising on the trade from China and the CARs. Therefore, Oman's Government is taking a lot of interest in the project. The Gwadar Port complex will be able to provide the services of showcasing, storage, trans-shipment, transportation, and coastal employment, saleable market and manufacturing openings for worldwide export-import opportunities.

Iranian Concerns

Iran is having competitive concerns over the development of Gwadar Port for its close proximity to Iranian ports of Chahbahar and Bandar Abbas. Gwadar port can generate commercial opportunities, which can be used by Iran as well. Tehran has taken the initiative by establishing an oil refinery at Gwadar in order to share the trade, transit and strategic potentials. The SAARC agreement of financial growth and collaboration accentuates fast-tracked economic development, upgrading the quality of life, wellbeing, education, human resource improvement and poverty mitigation. Pakistan with its contemporary transportation amenities and sea ports will also supplement development efforts of the SAARC countries. The Gwadar port will enable Pakistan Navy to uninterruptedly observe the expanse of Arabian Sea for suitable retort to any hostile activity. The current involvement discloses that during the tautness epoch, India had endeavoured to lurk Pakistani imports originating from southeast. Implementing a similar approach by intimidating Indian SLOCs for quid-pro-quo reaction is equally vital (Latif, 2007:47). "Due to its strategic location the Gwadar port will become a major port of the region" and will be able to provide the trans-shipment and ware housing facilities to the South East Asian Countries.

China Pakistan Economic Corridor and its impact on China and Blue Diplomacy

With view to enhance its economic and diplomatic strength Beijing is expanding its trade links with Europe, Africa, Russia and Central Asia and therefore China has planned to link regional and extra regional ports and countries through following rail links:

- Eight thousand miles long Inter-continental trade link from Madrid to Shanghai.
- Five thousand and seven hundred miles long continental railways to link Moscow to with Vladivostok.
- Connecting Leipzig to Chongqing thus transporting goods between Germany and China thus reducing the travelling time to 20 days as compared to 35 days via sea.
- Four thousand and three hundred miles rail link between Beijing and Moscow.
- Beijing is also enhancing its influence by establishing energy pipe lines from Caspian Sea to China and from Turkmenistan to China.
- Fifteen hundred miles long oil pipeline with Myanmar.
- In May 2014 Beijing concluded a U.S \$ 400 billion deal with Russian Giant Gazprom.
- From 2007 to 2014 Beijing has crisscrossed 9,000 miles high speed railways within and has planned to enhance it up to 16,000 miles by 2030 with train running at speed up to 240 miles per hour.

Benefits of CPEC for Euro Asian Continents and Indo-Pacific Oceans

- Access to Indian Ocean via Gwadar will enable China's naval warships and merchant ships to bypass Malacca Strait and overcome its "Malacca Dilemma".
- China will sustain its permanent naval presence in the Gulf of Oman and the Arabian Sea.
- Countries like Afghanistan, Russia and Kazakhstan are also taking interest to invest in the project for their mutual interests.
- CPEC is an alternative energy route to states like Afghanistan, Azerbaijan, Kazakhstan, Turkmenistan and Uzbekistan.

- China will reduce the transportation distance from 16,000 km to just 5,000 km resulting in huge time and economic savings.
- Increasing investment and trade with countries to the West of China including Central Asia, Middle East and Africa would contribute immensely to the development of this region to catch up with its eastern and coastal areas
- CPEC will not only cause shifting of masses from all over the country including Karachi to Gwadar but will also ease out Karachi's administrative issues and load from its port.
- Residents of Baluchistan seem happy with the new developments in the backward province and that is why they prefer the Western Route.
- Social, Industrial and economic activities in Baluchistan will enhance the much needed vital facet of awareness among the proud Baluchies.
- Gwadar is being constructed as a commercial port however in future it can be developed into a naval base.
- It will meet Pakistan's Vision 2025 to per capita GDP of U.S \$ 4,200 with an aim to target a growth rate of 8 percent between 2018 and 2025 with single digit inflation. It will also increase export volume from present U.S \$ 25 billion to U.S \$ 150 billion.
- A study found that an investment in regional transport infrastructure gives Pakistan benefits worth U.S \$ 37 billion during 2015-2020 and another U.S \$ 66 billion post 2020 period.
- The project is expected to cause addition of 17,045 MWs of electricity capacity to be completed by the year 2018. It also includes 200 MW wind power projects, 3300 MWs of coal based power, 870 MW hydro power project, 900 MW solar projects and 3.8 MTPA coal mining project.
- The corridor calls for an early resolution of Kashmir issue between two arch nuclear rivals as KKH runs through India's periphery, more significantly, Gilgit Baltistan, claimed by India as part of the erstwhile princely state of Jammu and Kashmir (J&K).

Analysis

Russia is interested to establish gas and oil pipelines in northern region passing through Caspian Sea, port of Novorossiysk and Baltic

Sea to maintain its ascendancy over Europe and to avoid possible U.S and Gulf Countries pressure thus trying to dominate the western trade approach, thus entailing regional and extra regional countries to use southern trade route through Gwadar. Kazakhstan in order to make timely use of its hydrocarbon resources coupled with limited investment would like to link up to the existing pipeline network of Gazprom in the north. Azerbaijan being member of common wealth of Independent States (CIS) would prefer the western route passing through port of Baku, Black Sea and Ceyhan port to Europe. Turkey and Georgia are also in favour of western routes. Turkish western pipeline from Baku to Turkish Mediterranean through Ceyhan port at the cost of U.S \$ 3 billion is a point in case. Route to the warm waters of Indian Ocean through the Iranian Chahbahar Port seems to be a far cry due to current U.S and Russian concerns. China has adopted an approach to combine western and southern access to warm waters by establishing oil and gas pipeline from CARs to Silk Route (via Pakistan) through western province. Trans Asian Gas pipeline and China – Kazakhstan oil pipe line are points in case. The U.S oil giant ‘Unocal’ proposed construction of an oil pipeline called as Turkmenistan- Afghanistan-Pakistan-India (TAPI), which further highlights the strategic value of Gwadar Deep Sea Port. The energy reliance of the European monetary alliance led by the U.S necessitates Caspian Region to be interconnected and combined to the worldwide marketplaces via a dependable and harmless trade way that evades its passageway through Iranian or Russian land. The European monetary alliance also points at the Arabian Sea, passing through Afghanistan, on the coastlines of Pakistan. Afghanistan has the option of using the trade route through Iran, which is contrary to the U.S interest; hence route through Gwadar would be a more viable option. As per prevailing scenario Iran is not comfortable with the U.S and KSA and its friendly Gulf Supporters so Iran will try to be friendlier with Pakistan. The recent on-going stress between Gulf Countries including KSA about Qatar will be more beneficial for Gwadar Port as the stress between Gulf Countries may mar the activities of Dubai Port World. Gwadar being Part of a large harbour, housing well dispersed port facilities and effective ocean currents will provide clean sea environments.

Conclusion

Both military and economic power now depends upon oil (Nixon, 1980:71). In military and strategic terms, Gwadar will help Pakistan to monitor the SLOCs from the Persian Gulf. Gwadar is of strategic importance, lying across the SLOCs emanating out of the strategic choke point of Hormuz, from where 13 million barrels of oil is transported daily (Shahid, 2008). Globally, from the waters of Gwadar one can regulate the whole Indian Ocean with trade courses of far eastern countries, Pacific Rim and Persian Gulf Region. The port will afford strategic depth to Pakistan's marine assets, both commercial and military. Gwadar Sea Port is not only providing strategic depth to Pakistan but will surely bring in prosperity for entire region. The development at Gwadar on Makran Coast line will have very little effect on marine environments as the coast is devoid of any mangroves forest and delta resources as like those available in Indus Delta Plan in proximity of Karachi Port and Port Bin Qasim. The development of tourism facilities along the exotic Makran Coast will not only add to the awareness about marine life but will also add to much needed revenue for Pakistan. On global front CPEC, is a project of immense social, economic and diplomatic value which will not only boost the bilateral economic and diplomatic ties between the two friendly nations but will also usher in opportunities for friendship, trade and diplomacy for both China and Pakistan. The effects of such a strong project will also influence entire South Asian Region and extra regional powers hence optimizing the diplomacy.

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