

# Why Gwadar Port Lags Behind Despite CPEC Fervor?

## Issue Brief

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Gwadar Port, once a small fishing village, has now gained a lot of attention worldwide for being an important economic base for China's Belt and Road Initiative (BRI) where the Maritime Silk Road and China-Pakistan Economic Corridor conjoin. Since 2002, when Gwadar Port was inaugurated by Chinese Vice-Premier Wu Bangguo, metamorphic development initiatives were taken but these could not be materialized. A limited number of development projects have been started and proposed for the port and related facilities, especially since the formal inauguration of CPEC in 2015. But unfortunately, despite tall claims of changing the destiny of Balochistan in particular and Pakistan in general through transforming Gwadar Port, many development projects related to the port have actually been halted at certain stages or slowed down, causing a stir in the leadership and local people of Balochistan. Gwadar Port is the epicenter of CPEC and as such needed focused efforts and vehement progress.

Many questions have been raised regarding the pace of work and success or failure of CPEC and its related projects by the political parties, provincial governments, and people of Balochistan and other provinces through which the CPEC routes have to pass as part of the main corridor. But Gwadar Port, being the starting point of CPEC, has emerged as the most

questioned part of the megaproject as it was still not fully functional by the end of 2020.

The first phase of CPEC, which concluded at the end of 2020, consists of infrastructural development, communications and road connectivity projects. The current issue brief is focused on identification of shortcomings in CPEC's first phase, specifically in the context of development and functionality of Gwadar Port. In this regard, the argument can be established in four aspects as per substantive analysis, i.e. technical, political, socioeconomic, and security.

### 1. Technical Reasons

- The value chain for development of Gwadar Port seemingly has not been established in a formal way. If the port structure and supporting infrastructures are ignored in the value chain of a country and the connectivity process from deep seaports to hinterland terminals is not established effectively due to reasons of delays in planning or implementation, it will exact a cost in the form of decreasing value of services or goods. When the concept is applied on Gwadar Port, it becomes evident that the delays in the planned activities or halts at different stages of the value chain have caused damage to the value

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of the port and the services it is supposed to be providing.

- Gwadar Port has not been developed or expanded further to increase its capacity beyond the first three berths and two jetties constructed before the initiation of CPEC. As such nothing has been added to the initial port structure. The construction of another breakwater, which was part of port development plan, has not been started. Even the dredging of these berths has not been done according to the established timeline resulting in silting and decrease in draft, which is now only 11 meters. However, ships with 50,000 DWT (as mentioned in the port documents) require more than 12.5 meters of depth to function. The project/tender bid for both projects was concluded in September 2020 but the project has not been started as yet. Likewise, Gwadar Port is yet to see facilities for management of liquid and dry cargos as relevant terminals have not been installed effectively. This is affecting the value chain badly as even after many years the port has not become fully functional.
- Modern-day transportation involves intermodal connectivity, i.e. containerized shipping, port terminals, road and railroad links for connectivity with hinterland terminals which are important for transit trade, and airports. So far, Gwadar city has one airport with operational capability, but the road and rail infrastructure supporting intermodal transport has not yet been established fully.
- The Eastbay Expressway project, which connects Gwadar with the Coastal Highway, was initiated very late and until its completion in the coming years and if the port becomes fully functional during this time, the heavy traffic would be compelled to pass through the city areas, further causing many challenges.
- Similarly, the road network from Turbat to the Coastal Highway is still the old one, which is one of the signs that there is no work done on western alignments of CPEC.
- Absence of high-speed internet facility is one of the serious setbacks for port functioning. In

the present time, when the world has become a closely connected entity, it is inconceivable how global flows of commerce and trade could move when there is no or slow internet in Gwadar. The process of cargo clearance and customs is greatly reliant on internet, along with the implementation of international benchmarking tools for measuring performance. On the International Logistics Performance Index (LPI), Pakistan ranks 122 (out of 160) without the addition of performance of Gwadar, and therefore, needs to work on speedy internet if it has to secure better ranking. For this purpose, WeBOC was installed last year but is not fully operational due to low quality of internet.

- Gwadar is not connected with the national grid even after five years of initiation of the megaproject. Though a coal power plant has been approved for the area, but its tariff matters are yet undecided. As a matter of fact, investment is dependent upon development of road infrastructure, availability of utility services (electricity, potable water, etc.) and provision of means of connectivity. Currently Gwadar lacks in all areas.

## 2. Political Reasons

- There has been a lack of political will to work on development plans under CPEC for which Gwadar Port carries the status of gateway. Notwithstanding the vociferous political statements by the previous government, Gwadar port in particular and Balochistan in general have not been given their rightful share of the projects. Despite Gwadar being the epicenter of CPEC – the development project worth billions of dollars – no project has been designed for it even after five years. The financial volume of CPEC is more than \$50 billion but Balochistan's share in this is merely 1%, which depicts the behavior of the quarters concerned towards Gwadar and Balochistan.
- The first phase (2015-2020) of CPEC was based on development of road infrastructure and other communication networks that work as enablers for later phases of the project, but Gwadar remained deprived of such projects as

well. Even political input from Balochistan was not included till 2018.

- There are some pro-US officials in the bureaucracy who allegedly are creating hurdles in the smooth execution of CPEC projects including Gwadar Port and its ancillary facilities.
- Politically motivated priorities of the previous government have directed/influenced CPEC's first phase mainly towards energy projects to overcome power shortages in the industrial zones of Punjab and Karachi instead of Gwadar Port to upcountry, China and Central Asia via Afghanistan and Iran.

### 3. Socioeconomic Reasons

- People are the core focus of all policies. Unfortunately planning for Gwadar Port as well as CPEC has not been focused on the local population and their concerns, and ground realities. The people of Balochistan, especially from the coastline, find themselves in disconnect from the process of policy decision-making.
- Intrinsically, these areas have been underdeveloped. The communities living in Balochistan belong to different ethnicities with certain mindsets, ideologies and customs. The policies meant for these areas need to be structured by keeping their grievances and concerns in view, and to make them feel part

of the policymaking process, thus giving them a sense of inclusiveness.

- Balochistan felt ignored during policymaking for development projects of Gwadar port and later CPEC, as provincial feedback and concerns were not valued by the governments. It was for the first time in 2019 the federal government made the provincial government a direct part of policymaking and valued their feedback and input.

### 4. Security Reasons

- The establishment of Gwadar Port, and then years later inauguration of CPEC, has brought a new wave of security challenges. The threats and even attempts to attack these development projects by declaring them unjust for the Baloch people have become a serious concern for the state agencies. There has been a number of reasons behind these increased security concerns including involvement of other regional actors with certain agendas like destabilizing Balochistan to halt the progress under different political or socioeconomic plans.
- India is using the Baloch separatists/militants and funding them to create a law and order situation in the region. This is resulting in precarious conditions for the Chinese and other potential investors interested in different projects.

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