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Gwadar: An Emerging Centre of the New Great Game

Historically Gwadar, a fishing village along the Balochistan coast, has been one of the main routes of communication between the Middle East and India. Situated on the mouth of the Gulf of Oman, Gwadar remained a part of the Omani Sultanate until September 1958. The then Prime Minister of Pakistan, Feroz Khan Noon, realizing the geographic and strategic importance of the area, purchased it in September 1958, when Sultan Said Bin Taimur allowed it to be integrated into Pakistan in return for a payment of 3 million pounds sterling. In 1992 the Nawaz Sharif government decided to build a deep sea port at Gwadar, and its construction accelerated under Musharraf.

The upgrading of the deep-sea port and future plans for important oil pipelines traversing Baluchistan will enhance the strategic value of Pakistan: Gwadar, once completed, will attract new investment, bolster the country's strategic defenses, and serve as an energy corridor for Central Asia, South Asia and western China, earning Islamabad significant profits in transit fees. The quest for energy security and geostrategic imperatives has also attracted the attention of China, India, the USA and Russia, all part of the "new great game" focused around Gwadar.

China's Role

It is the Chinese connection with Gwadar that has attracted most attention from regional security observers. China has transparent interests in monitoring the supply routes for its rapidly increasing energy shipments from the Persian Gulf and in opening an alternative route via Pakistan for import/export trade serving China's vast, restive, and rapidly developing Muslim-majority Xinjiang Autonomous Region. Gwadar has become China's most favorable choice for oil trade, as the present choke point of oil trade at Hormuz is becoming congested. About 80 per cent of China's oil imports flow through the narrow Strait of Malacca, which is considered as unsafe route and is notorious for piracy. Gwadar's location opposite to the Straits of Hormuz provides China an alternative to the Strait of Malacca. China's eastern seaboard ports are 3,500 kilometers away from Kashgar, western China's main city, whereas the distance from Kashgar to the Pakistani coastal town of Gwadar is only 1,500 kilometers. Proximity of Xinjiang to Gwadar also makes it feasible and cost-effective for China to carry out trade through this port which is close to the Gulf, Central Asia, Europe and Africa. Given this fact, there is an obvious huge cost advantage for China to use Gwadar as the gateway port for its western region.

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Abstract

The port of Gwadar, in southern Balochistan, is expected to become the terminus of three proposed gas pipelines reaching either from Daulatabad's fields in Turkmenistan, South Pars fields in Iran or from Qatar.

The control of these oil and gas reserves is at the centre of a new "great game", which is complicated by the Chinese presence in Gwadar, near the Strait of Hormuz, America's military presence in the Af-Pak region, and ethnic unrest in Balochistan.

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It is therefore not surprising that China has been so far the main investor in Gwadar port. The two-phase program of port construction is being supervised by Tianjin Zhongbei Harbour Engineering Supervision Corporation of China (TZHESC). The total cost of the project is estimated at US\$1.6 billion, and China has so far contributed about US\$198 million. The first phase was completed by the China Harbor Engineering Company (CHEC) in 2005. The CHEC is also involved in the construction of an international airport at Gwadar at a cost of US\$70 million. The US\$12.5 billion petrochemical city project at Gwadar is also being undertaken by Great United Petroleum Holdings Company Limited (GUPC) of China. China-funded oil refinery will have a total capacity to refine 21 million tons of oil per annum. The petroleum products thus refined may be transported to Kashghar through a pipeline.

Other Key Players

The US is worried about the rapidly growing might and influence of China in Asia. The Pentagon fears in particular that China could monitor US naval activities in the Persian Gulf and possibly turn Gwadar into a naval base, thus “threatening” the Arabian Sea and the Indian Ocean. The development of Gwadar also fuels the suspicion that the US has long felt towards Chinese-Pakistani relationship. To Washington, controlling Gwadar has implications for the “war on terror”, as it would open the opportunity of a long land route across Balochistan into southwest Afghanistan. From a Pentagon/NATO perspective, after the “loss” of the Khyber Pass in North western Pakistan, where

NATO trucks have been increasingly attacked by insurgents, that would be the ideal supply route for Western troops in Afghanistan¹.

New Delhi sees the Arabian Sea port of Gwadar as a Chinese naval base, which is likely to develop into a nuclear submarine or aircraft carrier homeport with the passage of time. Independent observers also believe that the Chinese presence in Gwadar would frustrate India’s domination of regional waterways and benefit Pakistan; feeding into these fears, Indian naval chief Admiral Suresh Mehta said in January 2008 that the Gwadar port would empower Pakistan to control strategically important energy sea-lanes in the Persian Gulf. Geographically, India controls no choke point on the coastline of the sub-continent through which international shipping must pass. In addition, the quest for energy security has turned China and India, which is rated as the world’s number six energy consumer, into competitors in the global energy game. While the Chinese are developing Gwadar, India is engaged in developing Chahbahar port in Iran and road links from Iran to Afghanistan, thus obtaining access to the landlocked countries of Central Asia and bypassing the Pakistani territory.

The Iran-Pakistan Gas Pipeline Deal

The proposal of laying a gas pipelines from the Daulatabad fields in Turkmenistan or South

Pars fields in Iran to Gwadar has triggered a cold war between pro-project and anti-project actors in the regional geopolitics. It is worth noting that the US opposes the IPI (Iran-Pakistan-India) pipeline, also known the as “the peace pipeline”, but supports the TAPI (Turkmenistan-Afghanistan-Pakistan-India) pipeline project.

India has recently withdrawn from IPI, calling it “a risky venture” and expressing in particular its concern over the security for the pipeline, which has to run across volatile areas in Balochistan where other pipelines have been attacked in the past by nationalist insurgents demanding greater political and economic autonomy. Pakistan, however, is going ahead with the project despite US displeasure and Indian lack of interest. On May 23 2009 Pakistani President Asif Ali Zardari and his Iranian counterpart Mahmoud Ahmadinejad signed a US\$7.5 billion agreement in Tehran finalizing the deal to transfer gas from Iran to Pakistan. Under the deal, Iran will initially transfer 30 million cubic meters of gas per day to Pakistan, but will eventually increase the transfer to 60 million cubic meters per day. In August, Richard Holbrooke, the US President’s Special envoy for AF-Pak region, has pledged for an all-out support to Pakistan in ensuring its energy security. Critics say that US involvement in resolving the country’s energy crisis is an attempt to foil the Iran-Pakistan gas pipeline project. As the US is opposed to project, it might be trying to lure Pakistan away from it by offering help to overcome its acute energy shortage. Holbrooke however denied these allegations and said that he had not discussed

¹ P. ESCOBAR, *Balochistan is the ultimate prize*, in «Asia Times», 9 May 2009, http://www.atimes.com/atimes/South_Asia/KE09Df03.html.

the project with any of the officials in Islamabad.

As to Russia, it supports the IPI gas pipeline and Gazprom is keen to participate in its construction. Moscow sees it as a means to divert Iranian gas from competing with Russian exports on the European market. Russian exports satisfy over one quarter of Europe's gas needs, but the European Union is hoping to lessen its dependence on Moscow with the construction of the Nabucco pipeline, which would pump Caspian Sea gas to Europe and bypass Russia. The Iran-Pakistan pipeline could deprive the Nabucco project of one possible source for gas supplies.

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