

GWADAR AND CHABAHAH PORTS: A CRITICAL ANALYSIS

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The trade and regionalism in the shape of blocks and free trade areas is the hallmark of present times which have facilitated the rapid progress and the rise of global value chains. The globalization has been firmly entrenched into regional blocks like The North American Free Trade Agreement (NAFTA), Association of South East Asian Nations (ASEAN), European Union (EU) etc. Barring a few examples, ships and sea routes have always been more expedient and forerunners for new trading opportunities, even more than the ships, the major ports have made it possible for cities / regions to prosper at their own. Nation states have evolved around sea trade, and the maritime transportation is still the most economic form of large-scale freight transport. The ports have an economy of their own, which is governed by its hinterland connectivity characteristics.

From an infrastructure perspective, once a port is built, it has a few alternatives uses if any, i.e. its investments are largely sunk. The port operations and efficiency have many dimensions and pricing or cost of doing business is one major determinant in enticing customers for the

long haul. The ports operate in an Oligopolistic industry where pricing refers to strategic pricing, the ability to set prices for certain objectives. The objectives vary for each port and here lies our question. Some ports are conceived on a vision to transform the area, some to develop economy around transit and transshipment operations and some to establish connectivity for harnessing future businesses. The strategic location when combined with apt management of associated and ancillary businesses is what gives some ports strategic advantage over others.

Iran's development of Chabahar port for International North South Transport Corridor (INSTC), its planned linkages with Afghanistan and Central Asian Regional Economic cooperation corridors (CAREC) and context of China Pakistan Economic Corridor (CPEC) with Gwadar perspective will be examined in this article. The Iranian coastal city of Chabahar is located at the mouth of Gulf of Oman and is less than 150 miles from Pakistan's port city of Gwadar. Chabahar is one of the major cities of Sistan-va-Balochistan province with the mainly Baloch population of over 200,000. Being a coastal town, Chaba-

har has a busy coastline with a large bay where, in addition to commercial port activities, also has an active fishing industry. There are two ports in Chabahar city; Shahid Kalantari & Shahid Beheshti Ports. Shahid Beheshti port; commonly known as Chabahar port, started its operations in 1983 with four minor jetties. During the Iran-Iraq war, the Iranian government realized the importance of having a port outside the Persian Gulf. Chabahar port is thus being extended and developed keeping its strategic significance to Iran and potential to dominate trade flow to land-locked Central Asian Republic (CAR) and Afghanistan.

Linked to the Chabahar port, there are some interesting facets of planned regional networking in rail, road and sea domains. Iran, India, Afghanistan, Russia and the Central Asian States are the stakeholders in these efforts. Chabahar-Zahedan-Mashhad Railways, Afghanistan's Zaranj

- Delaram road and rail network originating at Chabahar, Trilateral Transit Trade Route (Iran's Eastern Corridor), International North-South Transport Corridor etc, are some of the ambitious projects which have been planned to run a regional transshipment and transit trade

route from India (Mumbai) through Iran (Chahbahr/Bandar-e-abbas) into Azerbaijan, Commonwealth of independent states (CIS), Russia culminating finally at St Petersburg (Baltic Sea). This is a broader understanding of chief-ly between Russia and India, however, neither Russia nor India has committed the requisite resources for the initiative, and the investment pales against BRI commitments.

Chabahar is the closest access point of Iran to the Indian Ocean. A number of road network initiatives are underway to connect Chabahar with Afghanistan and CARs. India is helping Iran to develop the Chabahar port to gain access to mineral resources in Afghanistan and to market goods in CAR and Afghanistan while squeezing Pakistani market in the region. Iran provides a conduit to connect India with Central Asia bypassing Pakistan and China. India, Iran and Russia have signed an inter-governmental agreement named INSTC. The INSTC is a multi-modal transportation connectivity established on 12 September 2000 in St Petersburg by Iran, Russia and India for the purpose of promoting transportation cooperation among the member states. India as the prime mover had initiated this corridor project with a view to capture Central Asian markets and boost bilateral trade. The corridor will have its starting point from JNPT Port in Mumbai and via transshipment, the goods will reach Chabahar port in Iran.

Then a railway link will be established between Iran, Turkmenistan, Kazakhstan and it will finally reach Russia (St Petersburg on the Baltic Sea). In end December 2014, India has announced to use existing road link between Iran and Azerbaijan to get easier access to the lucrative markets of Russia and other nations of Commonwealth of Independent States (CIS). India and Azerbaijan conducted a dry run on the INSTC to ship goods through Nhava Sheva (Mumbai), Bandar Abbas (Iran), Tehran, Bandar Anzali (Iran) and Astrakhan (Russia). The dry run was conducted by the Freight Forwarders' Association of India (FFAI). India is also trying to persuade Iran to build the 165 km missing rail link between Rasht in Iran and Astara in Azerbaijan.

However, contrary to general perception, Chabahar in no way, can compete with Gwadar Port due to the slow speed of implementation and operationalization of the Gwadar port. The Chabahar port has been plagued with the delay of port and corresponding infrastructure construction delay. The original 2011 timeline of port infrastructure development is still not met in 2018. On the contrary, the Gwadar and the corresponding hinterland connectivity with Afghanistan are in its final stages of implementation. The Gwadar port is operational with the weekly arrival of the COSCO containers. Pakistan currently has the time advantage and we need to

spearhead out industrialization process under CPEC to consolidate our position in the international trade. Once the trade flows through the Gwadar port are established we will have first mover advantage in the regional trade flows.

We must learn to make superior strategies to benefit from the situation. Chabahar port's development may be taken as a friend and neighbours' endeavour to improve chances of economic prosperity. We should also become part of this effort to promote regional integration between Iran and Russia. We should also facilitate rail and sea connectivity with Chabahar and Bandar Abbas so that Pakistan exports easier access to the prospective markets. We on our part must set clear objectives for Central Asia capitalizing on CAREC and assign the political and diplomatic resources to back up those objectives. We may renew our efforts to better our relations with Iran from the present tactical nature to the strategic milieu by aligning CPEC and Iranian initiatives under the following recommendations;

- a. To retain significance in the backdrop of Indo-Afghan-Iran transit trade and provide a route to all the regional countries to CARs markets, it has become important to expeditiously complete operationalization, expansion and rail/ road connectivity of Gwadar port with Afghanistan followed by shifting total or part of Afghan transit trade to

Gwadar port.

b. Concurrently CAREC and CPEC routes are to be materialized in the immediate time frame so that trade binds Pakistan with Western and Central Asia, and we become the link between South and West Asia regions on one hand and between China and Iran, Afghanistan on the other.

c. We may renew our efforts to better our relations with Iran from the present tactical nature to the strategic level, either by incentivizing it through trade conduits or by offering linkages and ensuring developments through CPEC. To achieve progress and development, we need to consider warming up our relations in the immediate neighbourhood, it is the right opportunity to explore Iranian markets and encourage both private and public sectors to invest in mutually beneficial sectors including natural resources, automobile, and food commodities.

d. We need to be proactive in CARs and our, as well as religious linkages, place us on a more advantageous position than any other regional state to set our objectives and achieve those successfully. This will ensure our presence at all levels in the region.

e. To retain significance in Indo-Afghan transit trade and

provide a route to countries like China etc to CARs markets, it has become important to complete operationalization, expansion and road connectivity of Gwadar port with Chaman for Afghanistan followed by shifting total or part of NATO and Afghan transit trade to Gwadar port. The CAREC and Western route of CPEC is to be linked and accessed into Iran through multiple entry points.

f. Efficient and effective connectivity between Chabahar and Gwadar through railway link can be developed for cargo movement. And with this small intervention, Gwadar / CPEC / BRI can be linked with INSTC. This initiative will also be giving fast access to eleven new members (Azerbaijan, Armenia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkey, Ukraine, Belarus, Oman Syria & Bulgaria) of INSTC.

Development of Chabahar port has been accelerated in recent years. Only upon continued/full lifting of majority sanctions by UN and EU, the work is likely to fully accelerate not only on the Chabahar port project but on its regional interconnectivity as well. India is likely to invest hugely, and these investments seem certain and in large volumes not only due to inherent Indian interests but also

due to domestic pressure created on the Indian government for Chinese CPEC investments in Pakistan. Afghanistan is also likely to push its efforts to fully materialize the transit trade agreement with India and Iran, in order to leverage its position with Pakistan for the short-term gains. The ambitious INSTC project not only provides an alternate trade route to most of its member countries but equally carries attraction for both businesses and governments in transit trade and transshipment opportunities.

It is not prudent for any good nation or people to evaluate own standing and policy vis a vis one's competitors through a destructive strategy or a negative approach, but by bridging own weaknesses and formulating a superior strategy. In case of implications of a full grown Chabahar port with its regional connectivity on Pakistan, our counterstrategy must be based mainly on expeditious completion of projects to deliver the promise of Gwadar Deep Water Port project. This would offset the strategic, political and economic implications if any, of a full grown Chabahar port while encouraging today's competitors to be tomorrow's partners in regional cooperation.

References:

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