

China - Pakistan Cooperation in developing Gwadar port and its impact on Chabahar

Afshin mottaghi¹, Mahdi Nouri², SH. Faraji Nasiri

¹Faculty of Geographical Sciences, Kharazmi University

²Abdanan branch, Islamic Azad University, Abdanan, Iran

³Ph.D political science, University of Isfahan

Abstract: China's high economic growth will increase the country's need to energy day by day. A great attention has been paid to Persian Gulf due to its high energy reserves. China's efforts to develop its relations with Saudi Arabia and other Persian Gulf littoral states, especially Iran can be evaluated in this regard. But the symbols and symbolic presence of china in the Persian Gulf and the Indian Ocean is manufacturing Pakistan's Gwadar port by them. In this paper, it is intended to explain the impacts of developing and equipping Pakistan Gwadar port on Iran Chabahar port by an analytical descriptive approach. Finally, some guidelines are provided for developing and expanding of the Chabahar port in competition to Gwadar. The results indicate that despite the high potential in Chabahar port, it has failed to successfully compete with the Gwadar Port for variety of reasons such as lack of necessary investment, lack of infrastructure facilities, poor advertising.

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1. Introduction

China is the largest developing country. Its ancient history implies an old felt of security and defensive threats and pessimism to foreigners that can be seen in the wall of China as an obvious example. Chinese history well illustrates that the country was an area for invasion of various tribes, frequent wars with Westerners and occupying its different parts by foreign powers. So, the security strategy has always had a special place in China's foreign policy since ancient times. The impress of the thought can be observed not only in Chinese ancient thinkers "Seven S" and "Confucius" like but also in modern era such as doctor "Sun Yat-sen" and "Mao" thoughts. By the way, in 1949 China stepped into a new era while people and leaders were full of fear of old threats from the great powers' colonization and domineer. Even its friendly relations with the Soviet Union were unable to deliver Chinese from suspicions about the foreigners' intentions; because the leader of the "socialist brother country", Stalinist, intended to have an air and naval base in China east coast like other Westerners. So Mao, like its predecessor, was pessimistic about all of the great powers. Today, the fourth generation of Chinese leaders is more pragmatic and non ideological than its predecessors, they are seek to balance the demands of economic development.

During the leadership of the forth generations, China's economic growth is higher than the global economic norms and internationally is considered as a global potential actor. High growth in China's economic indicated its needs to energy more than before. That's why Chinese invest a lot of capitals in

the energy field around the world including Australia, Canada, Africa and the Middle East. But among this, the Persian Gulf has gained great importance in china's foreign policy due its high energy reserves and low costs of its exploitation that is owed to this energy source. During the recent years, Chinese has tried to be present actively in the regions with critical role in china security and India siege to provide their required energy and pressing their old enemy or competitors-India.

To the end, Chinese attempted to design new strategy named as "pearls chain" and recommended the strategic relations with several countries along Middle East naval line to southern China Sea to assure energy benefits, for China other Security issues, it is proposed that Pakistan's Gwadar Port is the last ring of the chain. In contrast, India invest in Iran chabahar port and equipped it to go ahead of its competitor and increase its strategic depth against china and Pakistan as well as access to an important and strategic region of Persian Gulf. The issue creates a kind of hidden competition between Gwadar port in Pakistan and Chabahar port in Iran as a channel for Central Asian countries to access to international waters.

1.1. Persian Gulf position in China's foreign policy

Persian Gulf due to various geopolitical reasons and vast reserves of oil and gas as energy bottleneck of developed countries is considered as one of the world strategic region which security plays a fundamental role in great powers foreign policy; because it consists 62% of world oil and 40% of the gas reserves, by itself (Richard W. Murphy and F. Gregory Gause. 1997). Thus, the region as an

"economic Heartland" and the world's largest energy ring has attracted the great powers attention, especially China, since the third millennium. People's Republic of China with a population of 1.3 billion people is the largest developing country in the world. China is now the second largest energy consumer in the world and third largest importer of crude oil in the world. China is undergoing a process of industrialization in recent years and has one of the largest growing economies in the world. In fact, with a growth rate of 8 to 10 percent a year, China's need to energy is expected to increase 150 percent by 2020. To maintain the growth, china is required to increase its imported oil (Sajedi Amir. 2004). During the 1970s and 1980s, China was regarded as one of the oil-exporting countries, but in 1993, the country became an oil importer and its economic growth was depended on foreign oil. China currently imports 32% of its total oil consumption that will be equal to U.S. current imports by 2030.

Despite China's efforts to diversify its oil resource, the country is increasingly dependent on Middle East oil, so that China now supplies 58 percent of its consumed oil from the region. Thus, although China does not historically have strategic interests in the Middle East and the Persian Gulf, making relations with region countries is increasingly important to Pekin since most of its imported oil is supplied from the region currently. Considering the rapid economic development in china during these two decades and its progressive increased need to energy, also insufficient inner energy resource, the country is going to obtain "Energy Security" that Pekin leaders sought, by applying "oil diplomacy" in Persian Gulf and accessing to the region oil reserves. So the Chinese have taken great actions in the region. These actions can economically be analyzed in form of "two imports and one export" strategy (Saikal Amin.1992).

In this strategy, "both imports" referred to energy (oil and gas) and capitals importation from the region to meet the country needs also "one export" means as China's investment on oil and gas exploration and development projects in the region. As mentioned, increasing dependence on imported energy incites increasing sense "insecurity in the energy field" among the Chinese leaders. They are concerned about the risks in their economic development process because of disruption in energy supplies or increasing in its prices. The main reason for their concern relates to rapid economic growth and economic development that is now the most important tool for Communist Party's legitimacy. From a strategic perspective, the leaders are concerned about the limitations imposed by the United States in energy fields against them. Hence the Chinese have taken

different actions to reduce their vulnerability in this field. "Two exports and one Import" is one of the main actions adopted along with the strategy, the other one is jointing to the countries with high energy reserves especially Persian gulf littoral countries among them Iran is a country which get double importance for China's growing needs to energy.

2.1. Iran and Saudi Arabia as Pillars of China's Oil Diplomacy

Since the third millennium, Chinese politicians have aimed two main objectives in their foreign policy: "security" and "energy." On energy, Chinese have attempted greatly to invest on energy resources exploration and extraction in various parts of the world. Despite their numerous efforts for diversifying the oil sources, Persian Gulf is still the main source of energy supplier. Relating to Persian Gulf, China has focused on the two countries in the region - Saudi Arabia and Iran - as its "oil diplomacy" foundation in regard to energy debates. But another Chinese concern in 21st century is about "energy security". China's security concerns in the Persian Gulf are not related to "territorial security" but it is about "energy security". That's why they tend to "military presence" in the Persian Gulf to ensure the security of ships and oil shipments (cargoes). Iran and Saudi Arabia are two superior military powers in the region so for the reason and since they have the most oil and gas reserves in the region, china wanted to make close relations with them. Since the Jiang Zemin has visit Saudi Arabia, the mutual relations between the countries have been growing very rapidly. China is now the fourth greatest importer of Saudi oil. Also, Saudi Arabia supply 17 percent of China's imported oil, and considered as the largest oil supplier in the region, the percentage rose to 20 percent by 2008 according to the official website of OPEC (Petroleum Exporting Countries).

Accordingly, after Angola (by 21 percent) Saudi Arabia is the second largest oil exporter to China. Based on China's Ministry of Commerce estimations, mutual trades between the two countries averagely have grown by 41 percent after 1999. Saudi oil exportation to China has increased from 440.000 barrels in 2004 to 500.000 barrels in 2005. The increase was after an agreement signed by Aramco - Saudi oil giant - with Saino Pack on exporting one million barrels a day to China was till 2010. Iran is the other pillars of China "oil diplomacy" in the Persian Gulf. Since the mid-1990s, China dramatically has expanded its imports of crude oil and petroleum products from Iran expanded so that Iran prime Oil Minister, Mr. Zanganeh said Tehran predicts China will be substitute of Japan as the first Iranian oil market by the end of 2004. Iran now supplies 11

percent of China's oil importation and has obtained the third position among the largest oil-exporting countries to China after Angola and Saudi Arabia. Totally China's investment plans for exploration and production of petroleum, petrochemical and natural gas in Iran will be over than a hundred billion dollars during the next quarter century. China's great amount of investment outside the country and its high economic growth make the world country concerned about the fact that this high economic growth may be substituted by its geopolitical influence because geopolitics can be an organizing principal in lack of balance in relationship of global great powers. Thus China severely seeks to exercise influence on world geopolitical regions. Persian Gulf is one of the geopolitical zones that China hopes to influence militarily there to ensure its energy security. China is looking into Pakistan and Iran respectively to implement this plan, so hugely invests on Iran oil and gas and expands the commercial trade with it.

3.1. Pakistan as China's security pillar in Indian Ocean and Persian Gulf

As mentioned in previous pages, Chinese leaders believed that primarily Pakistan and then Iran are two main entrances to the Persian Gulf. China hopes to secure sea lanes of energy transition and disturb the strategic balance of the South Asia in favor of its old ally, Pakistan, through its military presence in the country. Chinese knows well that security in energy accessing is necessary for its stable high economic growth as a most important tool for legalizing governing party- and it would not be possible unless by military presence in Gulf region that is why the Gulf security is charged by United States and it is the largest energy consumer of the world. Moreover, it is a pretext for U.S. to pressure the Chinese. Today, China's thirst for energy dictates it to return to the Persian Gulf and Indian Ocean and its presence in Pakistani Gwadar Port is a sign of its attendance in Indian Ocean and the Persian Gulf.

Founding the Gwadar as a port had dated to the 1960s, but only the practical steps to it constructing were taken by 2001-2. At first, the port was an entrance for American soldiers to enter into Afghanistan. American military presence in Afghanistan and Pakistan was an alarm for China so that it quickly engaged to sign agreement for investment, construction and development the offshore facilities in Pakistan Gwadar Port. In March 2002, Wu Bangav, Chinese Prime Minister establish an institution for planning, designing and constructing of the port. After Wen Jiabao, the prime minister visited the Pakistan in April 2005; the project has been entered into a new phase. During the visit, signing a contract to develop Gwadar Port was one of the most

important agreements between the two countries. Undoubtedly China has still reasons for assisting in development of the commercial port that is plausible for other powers. This return to Indian Ocean has resulted in China's high economic growth that is encouraged, confirmed and benefited by the Western countries. Therefore, China has several reasons to cooperate with Pakistan and constructing and developing Gwadr port and attendance in it:

At first, accessing to port installations for navy and commercial near the oil plenteous region of the Gulf and accessing to a new route for international trade that connects the China western far areas to Indian Ocean via road and rail routes through the Pakistan. Chinese always has sought an alternative route for Malaka because 80% of China imported oil passes through the strait and its blockage leads to irreparable loss to the country economy. These alternative routes are Burma and Pakistan. Chinese hopes that their attendance in these two ports helps them to find another alternative road route to supply their energy if the Malaka strait was closed. China presence in Gwadar makes it possible for it to use Gwadr lands to access to western Asia and provided its western states by their needed energy if the Malaka strait was closed. Second; Gwadar may give a very strategically important port to China in Oman Sea.

Gwadar port is located in Baluchistan province on the coast of Oman 72 kilometers away from Iran. The port is near to the mouth of the Persian Gulf and 400 kilometers to the strategic Strait of Hormuz through which 40 percent of world oil passes. Attendance in the port gives a potential to China that can be permanently near the strategic Strait of Hormuz. The port can also expand China's strategic influence among South Asia and the Persian Gulf. Third, strengthening the relationship with Pakistan and increased presence in the Indian Ocean; attendance in Gwadar Port ensures Peking that the security of its energies shipment from Persian Gulf to China will be protected. Fourth, China presence in Gwadar Port enables the country to monitor U.S. naval patrols and protect China maritime communication lines. Fifth; China tries to create a maritime balance with the U.S. and India in the Persian Gulf and to compete with these countries by presence in Gwader. Sixth, Gwader port is the last ring of "pearls chain" in China by closing India strategic space in Southern Asia. China attempts to attend in a chain of the Indian islands to besiege India and constrict its strategic space. Along the strategy named as "chain of pearls", China's is actively present in other pearls in addition to Gwader port with maritime facilities in Bangladesh, Myanmar, Thailand, Cambodia and South China Sea. Seventh and Last

objective of China at Gwadar port is to access to Baluchistan province oil and gas reserves.

4.1. The effect of China - Pakistan cooperation for expanding Gwadar port on Chabahar port

Since the second half of the twentieth century, Pakistan has enjoyed strong political, economic and security relationships with china after its relative emergence and consolidation in the world political geography especially in the last decade. Currently, the symbol and peak of China-Pakistan cooperation is to equip and develop the Gwadar Port. Expanding and equipping the region associate with many economic strategic effects and both countries seek the macro objectives in implementing and participating the plan that influence mainly on Iran chabahar port, particularly Iran and India intent to make a connection between landlocked countries of Central Asia with open sea, it is noteworthy that Pakistan and china want it via Gwader port. Both of the ports are currently operate by their unique infrastructures and all their capacity and provide matchless services to companies and demanded governments in the ports so that it may be possible that one of these ports or both of them become the major centers of communication with the commercial world (Guang Pan. 1997).

The Gwader is more distant from India border than Karachi have very valuable commercial potential that to some extent make it distinct from the other ports of the region(Sharif Shuja (2005) . The first phase of the port establishment that consist 75% of all operation was complemented by china government and begins to exploit. The existing basins have been built by China Harbor Engineering Company and now are taken into service by PSA Singapore with its highest capacity. Many analysts believe that if Pakistan tries to enjoy china financial and political supports during the process of the project, it undoubtedly can obtain the same result in second phase of the project. But some problems such as dissatisfaction of people inhabitant around the Gwader are opposite to the project and Chinese presence in the region, also Afghanistan disrupted condition as a corridor that connects Gwader to central Asia countries make the port authorities worried, but among all these concerns ADB Asian Development Bank has expressed hope that during the upcoming years, Gwadar Port will become the major transportation corridor into countries such as Uzbekistan and Turkmenistan and Tajikistan. The competition between Gwader and Chabahar Port is one of the most important issues for Pakistan authorities; Chabahar was constructed by India investment out of the Persian Gulf and strategically is important for Iran logically. Chabahar plan had been discussed in 1984 and operated in 2002 by Indian

assistance to the extent that Indian engineers` financial and technical help was unbounded during the establishment process. Iran intend to maintain Bandar Abbas for its commercial relationships with Russia and European countries meanwhile it attempts to turn Chabahar port into a main commercial and transportation center of relationship with Afghanistan and other central Asian countries. Free Trade-Industrial zone of Chabahar with 140 square km area is located in the extreme of Iran eastern south near the Oman Sea. In administrative divisions on Iran, the region is taken into account as a part of Chabahar City that is connected to middle Asian countries and Afghanistan via land transportation net from the north, to Pakistan via marine transportation net from the east and to the Mediterranean Sea through the Gulf of Aden from the west.

In this regard, the Chabahar is very important as a bridge between ECO and ASEAN countries and other countries to goods product, export and transit. Depth of Oman Sea in areas adjacent to the region is 3399 and 73 meters near the Hormuz Strait. Depth of Oman Sea in areas adjacent to the region is 3399 and 73 meters near the Hormuz Strait. Oman sea strategic position with open sea and on the other hand Middle Asian countries and Afghanistan requirement as countries that not access directly to water make the port as a focus point of international and regional trade. From economic viewpoint, Chabahar is located in thoroughfare of the south-north connection corridor and is the nearest marine and land way to Afghanistan, Middle Asia and south of Caucasia as well as it can be said that it is the only ocean port in Iran with two commercial quay that not face with inner ports limitations.

Also, the Chabahar port can display its position and importance in the Persian Gulf crisis because it is far away from the sensitive Persian Gulf and the Hormuz Strait region, so that it can play a major role in supplying Iran and Middle Asia demands. The idea for changing Chabahar as one of the ten Mega ports (Macro ports) of the world was first developed in 1350 by the Americans. Although after Islamic revolution had been win, a great attention was paid to the eastern south of the region especially Sistan Bluchistan province (including the plan of developing the east axis since 1987), the region is undeveloped rather than the other parts of the country. Chabahar port is not exempted from this rule and grows less than the other adjacent ports. Now Chabahar port due to limited facilities and lack of rail way have fewer contribution in loading and unloading the cargos than other country ports such that, according to the transit report of the road transportation and terminals organizations by 2003 and also Statistical Yearbook of Iran Ports and

Shipping Organization by 2002, Chabahar contribution from all Ports are as follows: The rate of petroleum products discharging 2.6 percent and non-petroleum products 1.8 percent, as if the rate of petroleum products loading was zero during the year, loading petroleum products was recorded 0.35 per cent. Interestingly, the share of Chabahar port in the petroleum products transit (except swap) and non-petroleum products were zero by 2000 and increased by 1.3 percent.

Year	2000	2001	2002	2003
Transit from the Chabahar port (thousand tons)	0	43	28	40
The whole of the country (thousand tons)	2770	2672	2544	3079
% Chabahar port Share of total transit country	0	1.61	1.1	1.3

In addition to the existing infrastructure and developmental problems, Gwadar Port development and equipping adjacent to Chabahar port could be a serious rival to the port in connecting Central Asia to the open sea. Merely creating Gwadar Free Trade Zone with less than 200 miles distance to Iran border, comprise the positive and negative effects on Iran. The most objective and the most negative effects of the project are undermining the importance of Chabahar free zone. Undoubtedly Gwadar is the most important and most powerful commercial rival of Chabahar.

2. Discussions

China's high economic growth during the recent years increases the country needs to energy and mentions security in achieving energy as the country's Achilles' heel. Therefore, China has tried to present in all oil producing parts of the world, especially in countries such as Iran and Sudan that have problem with U.S.A. Since the Persian Gulf is the major source of China's oil imports and supply 58% of its imported oil, so China has sought to lodgment in the Persian Gulf to maintain its energy security. Persian Gulf is the most important source of china's imported oil and 58% of its imported oil is supplied in the region that's why the china is seeking to find a foothold in Persian Gulf to maintain it energy security. Thus, china has made extensive commercial relations two powerful region regimes namely Iran and Saudi Arabia as pillars of its oil diplomacy. But china presence in Gwader port of Pakistan is a symbol of China's returning to the Persian Gulf, the Gwadar port of in Pakistan is in fact a channel for China's entry into the

Persian Gulf. China's presence in Gwadar Port makes it possible for it to be ensured about the security of its energy consignments. But the point is that china's enquiry for energy security is tied to long term strategic attempts to increase regional influence and confronting to India. The size of Gwadar port project and its strategic location has sent the wave of concern to Washington, New Delhi and Tokyo. This concern is nothing but horror of the china permanent maritime presence potential strategic beside the strategic Strait of Hormuz with 40 percent of the world's oil.

If the Persian Gulf gas reserves is added to the amount and the security raised by china presence is considered, it is expected the concern will be increased. So, Chinese maritime attendance near the Hormuz Strait may afflict Washington, New Delhi and Tokyo. But China attendance in Persian Gulf and cooperation with Pakistan for developing and equipping the Gwadar port, especially may followed by consequences to Iran especially Chabahar - with essential importance for the Islamic Republic of Iran. It should be expressed that Chabahar is the only Iran ocean port located out of the Persian Gulf and is the nearest one to world open seas via Indian Ocean. Deep water and natural incisions of Chabahar gulf is suitable space for dock construction with high deep and desirable anchorage coordinates for great ocean ship berthing so that it is considered as one of the ten important ports in the world with capability to be a great port, therefore Chabahar should be considered as Iran's East transit gate. The port, in the way of International waterways between ECO and ASEAN and other world countries and with its unique position acts as a bridge for exporting and transiting the region goods and energy.

But equipping and developing the Gwadar Port make a serious rival for chabahar port and may reduce the importance of Chabahar port for connecting Central Asian countries to open sea. Thus, the Islamic Republic of Iran should take the competition seriously and think about solving the problems in constructing and equipping Chabahar Port; because Iran, for its cultural geographical proximity and stability as well as more security than Pakistan has more potential to connect Central Asia to the open seas. The point can be concluded from the discussion is that undoubtedly Central Asia countries will enjoy both of the ports and if they are compared from competition point of view, we cannot judge which one is more important but the contribution of both of them in marine commercial relationships can be determined. The important point is that Iran is more stable than Pakistan and experiences the more friendly relationships with Central Asia countries and especially Afghanistan, despite of the Gwader Port, Afghanistan's determined commercial paths for Iran

Chabahar Port are passed from Afghan secure region; so if the disputes between Iran and United States does not affect on the port activities, Chabahar port will take precedence of Gwadar port.

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Corresponding Author:

Afshin mottaghi
Faculty of Geographical Sciences, Kharazmi University

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