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# Impact Assessment of Gwadar Port on China-Pakistan Economic Corridor: A Case Study

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## Abstract

China Pakistan Economic Corridor (CPEC) is based on a broad development strategy that not only has a strong impact on the economy of both countries but also has the potential of inclusion with other regions of Asia. The improvement of trade and infrastructure, and the linking of different regions are the main objectives of CPEC. In this regard, Gwadar's deep-sea port serves as a hub that offers potential economic benefits not only to Pakistan but also to its surrounding regions. It offers an efficient track to conduct the trade of the Central Asian natural resources with the other regions of the world along with an easy approach to developing Asia's customer markets. This paper tries to identify the importance of the Gwadar port using the qualitative research approach. It also intends to ensure access to those opportunities that could resuscitate Pakistan's economic development under CPEC. Moreover, it aims to analyze the strengths and weaknesses associated with the Gwadar project. The findings revealed that the Gwadar port will be a keystone in the economic revival of Pakistan as well as Baluchistan. It will change the fate of the country by decreasing poverty and generating employment for the educated and skilled young people by providing them with the opportunity to seek jobs in their home country. However, the current study suggests that it is only possible when the Pakistani government will address all the concerns of the local inhabitants and regional bodies in order to make Gwadar not only a national but also a regional economic hub. Political parties and the Pakistani government should develop consensus on all CPEC strategies and development plans. Additionally, the governments of Pakistan and China must make an equal opportunity-based policy and plan to address the reservations and concerns of the local parties.

**Keywords:** China Pakistan Economic Corridor (CPEC), economic development, Gwadar port, Hub port, transit corridor

## Introduction

One of the strategies of Pakistan's foreign affairs policy is to have a strong economy, good relationship, and connectivity with its bordering countries. For this purpose, Pakistan after China's independence maintained good relations with it.

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Pakistan and China are now strong allies and the domains include trade, political and cultural exchanges.

The friendship between Pakistan and China saw new heights with the starting of an economic corridor called CPEC (China-Pakistan Economic Corridor) in Pakistan's southern province Baluchistan. This corridor is aims to help Pakistan economically and provide China access to the Middle Eastern and North African markets (Dadwal & Purushothaman, [2017](#)).

Historically, plans for connecting the two countries go back to the 1950s and for this purpose, an initiative took place in 1959 by the development of the Karakoram Highway. However, Pakistan-China Economic Corridor as a project gained strength during the Musharraf era. Unfortunately, this idea was not materialized until 2013 when Pakistani President Asif Ali Zardari and Chinese Premier Li Keqiang chose to improve shared connectivity again (Ahmad, Syed, & Bhutta, [2019](#)).

The Chinese Government announced in November 2014 that it would spend \$46 billion in energy and transportation projects in Pakistan as part of CPEC and on 20 April 2015, 51 agreements and memoranda was signed by Pakistan's Prime Minister Nawaz Sharif and Chinese President Xi Jinping for the long term projects to in CPEC (CPEC, [2019](#)).

The route of CPEC is 3218 kilometers that begins from Gwadar which is close to Iran and goes from Gilgit Baltistan in the North, connecting Kashgar with Xinjiang, providing access to China to the Middle Eastern and North African markets (Ramay, [2016](#)).

**Table 1**

*Projects approved under CPEC in energy, transport and infrastructure (Planning Commission of Pakistan, [2014](#))*

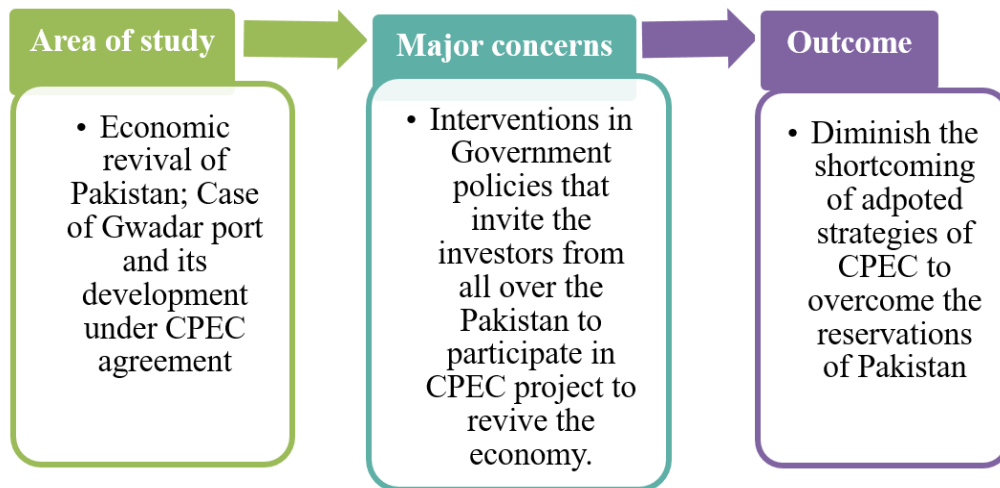
| CPEC Project Portfolio       | Cost in US S Million | %    |
|------------------------------|----------------------|------|
| Energy                       | 33,793               | 76%  |
| Transport and Infrastructure |                      |      |
| Roads                        | 6,100                |      |
| Rail Network                 | 3,690                | 24%  |
| Gwadar Port                  | 786                  |      |
| Others                       | 44                   |      |
| Total                        | 44,413               | 100% |

CPEC is the start of a mission with the expectation to transform the economy of Pakistan. It is a multifaceted investment that consists of interest-free loans, export credit, and is considered as a defining moment for the economy of Pakistan. Wheeler (2020) discusses the job opportunities generated under CPEC, providing statistics that local workers were appointed for different projects under CPEC that resulted in 2,320,000 jobs thus reducing the rate of unemployment from 5.5% to 3.9% in Pakistan. The growth of the economy would also be stimulated because of the short trading route that would reduce the transport time. Further, the official inauguration of CPEC in 2013 raised the annual growth of Pakistan's GDP from 4% to 5.5% in 2016. As said by an IMF calculation, investment in CPEC will add \$3 to \$13 billion in output to the GDP of Pakistan by 2024 (Chen *et al.*, 2018) *“Another benefit of CPEC to the economy of Pakistan will be the toll income generated through this transit corridor that is connecting China to Middle East and Europe via Pakistan. Finally, the energy shortfall of Pakistan would now be able to overcome 80% through working on the projects of CPEC”* (Wheeler, 2020)

The CPEC projects have been split into phases, the key stage being the construction of Gwadar International Airport and development of Gwadar port. This phase was expected to be done in 2017 but unfortunately, political changes and other factors hindered the process (Chen *et al.*, 2018). However, overall opportunities offered for economic growth under CPEC are tremendous for Pakistan and especially for Gwadar. Gwadar Port will generate sufficient resources for infrastructure that is necessary for a properly useful and profitable port. Moreover, it will help to boost the economy of Pakistan, and ensure a peaceful, convivial and stable environment. This is only achievable through regional cooperation and a diplomatic solution to the political problems. The port development is at an early stage and its growth depends entirely on the policies of the Pakistani Government. A thorough economic analysis and a robust trajectory of foreign policy are needed (Takreem, 2013).

The significance of such a large scale project is being recognized by many, but there is a gap of information that can be statistically evaluated to show the economic impact of Gwadar Port. Besides, information on shipment or any related costs, taxes, or variables is not available. This work therefore considers the port of Gwadar as an opportunity to transform Pakistan's economy. It traces the opportunities, challenges and future scenario by looking at how the port of Gwadar performs a valuable role in the economic revival of Baluchistan in particular and Pakistan in general.

## Conceptual Framework



## Literature Review

It is believed that sea trade collects 10% of the world's GDP (Takreem, [2013](#)). The significance of the development and management of commercial seaports is to help increase the effectiveness of markets of producers for exports and customer markets for imports. For products and services that are either scarce or expensive, ports aid to import these products and services and save money. Increased diversity and price was made accessible through such hubs which support competitive markets and economies (Wilson, et al., [2005](#)). In Pakistan, 95 per cent of trade goes through the sea. In 2005, the overall trade figure was roughly 39 million tons for which Pakistan largely depended on Karachi Port Trust and Port Qasim. For which Karachi Port Trust (KPT) takes 63 per cent and Port Qasim (PQ) takes 32 per cent. An increase in trade levels by up to 100 million tons in 2019 was estimated; similarly interests in ports will also grow significantly (Malik, [2012](#)). Predicting the potential needs of sea trade with respect to the lodging capacity of existing ports, the development of a new port was envisioned. As a result, now Pakistan is able to meet the future demands as well as keep hold of international flow from and to China, the CARs and the Gulf linked countries (Afridi, Bibi & Muhammad, [2016](#)).

Malik ([2012](#)) highlighted the importance of Gwadar and its selection for development as sea port. He further explained that eight sites along the shoreline, which include KetiBander, Somani, Hingol, Ormara, KhorKalmat, Pasni, Gwadar and Jiwani, were visited and analyzed for designing a new seaport in the inventory (Malik, [2012](#)). However, after critical analysis, Gwadar was chosen because of its

strategic location as compared to others by the Government of Pakistan. The Government of Pakistan would not be in a position to provide all of the resources needed to execute the project on its own therefore, China is involved in the development the process. The significance of Gwadar is connected in geopolitical terms to the economic and energy resources of its neighboring countries. Strategically, Gwadar has a powerful role in the Gulf territory as part of the greater Game (Abid & Ashfaq, [2015](#)). It has tremendous potential to develop as an economic hub and a possible transshipment terminal (Ali & Sultana, [2018](#)). In Gwadar, accordingly, an integration of the Hub Port and the Free Trade Zone (FTZ) is developed to function like the economic recovery engines such as Jebel Ali, which has worked enormously in the commercial activities of the port (Naz & Ali, [2018](#)).

### **Methodology**

This research uses a qualitative approach and includes surveys, observations, questionnaire and interviews with the stakeholders and locals. In order to evaluate the information from the perspective of those who are currently supposed to perform duties on ports, and those who are engaged in making policies, a sample of 10 participants was selected, 5 of whom were government officials and 5 from the business community. Most of the business community was engaged in business in the port of Karachi, whereas the government officials were primarily from the port authorities. Data was then analyzed by using bar charts. In addition, informal interviews with the local population were also conducted to understand what they expect from the development of Gwadar and the problems they face because of the development.

The study is limited to document the economic impact of proposed projects of Gwadar seaport as well as encourages the stakeholders for investment. Suggestions are provided as a part of the study application. These suggestions focus on how to deal with the reservations of the Pakistani government on China's policies regarding CPEC. These include the involvement of local organizations and investors in the CPEC project. All these recommendations help to change the viewpoint of people, government, and investors about CPEC.

### **Case Study Area - Gwadar Port**

Gwadar Port, serves as a land of opportunities, is a significant planned marine settlement that is located on the coast of Makran (Ahmad, Mi & Fernald, [2020](#)). It is the third biggest port around the world and has an ideal location at the entranceway of Hormuz's Straits that is one of the most important sea lanes due to

the commercial activities. It is located on the coast of the Arabian Sea at Gwadar in the province of Baluchistan-Pakistan, near the entrance of the Mediterranean Sea and is close to several vital routes of the sea” (Ahmed, [2016](#)). The location of Gwadar is also important in a way that it is situated between three main regions of the world: Western Asia that is rich in oil, South Asia is one of the most populous regions in the world and Central Asia that is emerging economically and is rich in resources (Khan, [2018](#)).

Additionally, the deep port of Gwadar would be connected with the main urban centers by a coastal highway (N-55) along with a network of motorways and rail, that provides relatively better chances to countries as China, CARs, and Afghanistan, not only in terms of mutual merchandising but also in providing them access to the outside world (Afridi, Bibi and Muhammad, [2016](#)). Through this port, 20 percent of global oil passes. It is about 533 km from Karachi, the largest city of Pakistan, and 120 km from the border of Iran and 380 km northeast of Oman across the Arabian Sea. From importing oil through this port, China will get a profit of \$20 billion and Pakistan will get a profit of \$5 billion. By facilitating the Asian region by Gwadar port, Pakistan will increase its economy by up to \$40 billion (Malik, [2012c](#)).

### **Economic Role of Gwadar Seaport Within the Context of Baluchistan and Overall Pakistan**

The word Gwadar is taken from two Balochi words Gwat (Air) Darr (Door) which means “*The Gate of Air*” in the local language, it is a deep-sea port which was purchased by Pakistan from Oman’s Sultanate on 8<sup>th</sup> September 1958 for \$3 million (Voice of Balochistan, [2018](#)). The estimated population of Gwadar is 85000, while the community living in the city is ethnically Baloch (Wikipedia Contributors, [2020](#)). Historically this port is very significant because it is at the center of trade between Indus Valley civilization and Iraq. Alexander the Great ruled the city and was defeated by Portuguese in the 15<sup>th</sup> century. The port came under the control of the Omani sultanate and turned into an active port. Forts constructed by the Omani Sultanate still exist in the city.

The interest of Pakistan in Gwadar began when Worth Condrick was appointed to survey the coastline by the United States Geological Survey (USGS) in 1954. He suggested Gwadar to be the best place for a seaport. In this regard, in 1964 Pakistan recognized Gwadar as a seaport. During this period, Gwadar was a small fishing village having a few thousand inhabitants. Pakistan built a small port at Gwadar between 1988 and 1992 for Rs. 1,623 million. However, the Government of Pakistan carried out studies of practical and economic viability for a deep-sea



port at Gwadar in 1993. On the other hand, the dream of making a deep-seaport was fulfilled in 2001 when China decided to contribute to the erection and developmental process. The collaboration of both nations resulted in developing Gwadar into a deep-sea port at a total cost of \$288 million (Ali, 2018). The project of the port started in 2002 and was divided into two phases. Its first phase finished in December 2006 totaling Rs. \$248 million. It consisted of three versatile cubicles and other related infrastructure. President, General Pervez Musharraf, inaugurated the port in March 2007. The construction of the second phase started in 2007 and was delayed due to the discontentment of the PSA to brand the port as functioning and then in 2013, the development of the port was handed over to China Overseas Port Holding Company (COPHC) for operation. Its cargo capacity is 400 million tons per year. The plan of port comprises of major developing projects such as the development of Makran Coastal Highway of 700 km that has been completed. At present this road connects Karachi with different ports alongside the coastline consisting of Ormara, Pasni, and Gwadar and will also connect with the border of Iran in the future (Dawn, 2008). Travel duration to Karachi has decreased due to this highway from 48 hours to only 7 hours. Other projects are the Gwadar-Quetta-Chaman road and a road link to the town of Khuzdar in eastern Baluchistan. It provides trade and shipment connections from Gwadar Port to Quetta, and extends to Afghanistan and Central Asian Republics. By the extension of the rail and road network from Kashgar, a border city of China, to Peshawar, Beijing can utilize the shortest trade route from Karachi to Peshawar. Therefore, this port is an ideal location for China to expand its trade across different regions.

**Figure 1**

*Gwadar Port in 1950 (Wikipedia)*



Gwadar can also be used as a maritime base against the Indian boundaries, a base like this is vital to the stability of the area. "Its geo-strategic position in the



Arabian Sea may promote electronic surveillance of naval operations in the Arabian ocean and the Indian ocean. In general, Gwadar port is diametrically lies inside the domain of Mackinder's Rimland idea that was utilized throughout the Great Game. During that time, Gwadar remained a key focus of the military forces in the Indian Ocean. Throughout centuries, the warm waters of Gwadar have fascinated Greeks, Romans, Portuguese, Persians, Russian and Britons. The initiation of CPEC and the development of Gwadar port projects would offer economic growth in the area to the area by providing new opportunities (Kalim, [2016](#)).

### Figure 2

*Gwadar Port in 1990 (Wikipedia)*



### CPEC and Gwadar Port

Gwadar, a small village on the coastline of Makran with unpaved roads, undeveloped schools and hospitals, relied on exporting seafood caught by small finishing boats in small quantity geopolitically is an ideal location for CPEC. It was transformed slowly into a developing modern city due to CPEC (Voice of Balochistan, [2018](#)). One of the local businesspeople told about the Gwadar site,

*“It was a small village and the economy of people was based on fishing. This small community is known with the name of the Mullah Band. The government purchased the land from that community on an agreement to improve the condition of area as well as living standards of people with the provision of different facilities like school, hospital, play areas, and basic infrastructure but the time period is taken to fulfill these promises prolonged”.*

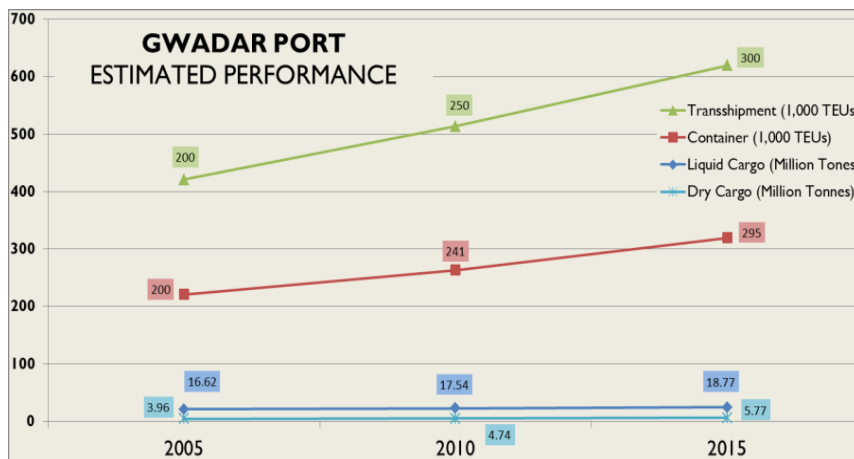
Wikipedia Contributors ([2020](#)) Within 10 years, a higher secondary school and a hospital were built in Gwadar at a cost of \$2.44 million under CPEC. For the development of infrastructure facilities in Gwadar, \$100 million aid was offered by

Oman from which \$7 million is reserved for the extension of runway of Gwadar airport, jetties construction, and development of hospitals, powerhouses and a 100 engine facility for fishermen. Oman has also given aid for irrigation dams, and water supply schemes in the area. From the above study, it is clear that the projects of Gwadar ports have improved the socio-economic conditions of the area. By providing technical assistance to the locals, China can help Pakistan to fulfill its dream of making Gwadar port a financial hub for the country.

The port was formally opened for international shipping at the end of 2019. From the start, limited coastal trade, the inclination of Afghans to use another port of Chabahar, and the decrease in transshipment of building material for Gwadar by sea has led to its decreased use. The free trade zone proposed for Gwadar has also not been granted, which has hindered the trade. Even a tax exemption of more than 40 years given to Gwadar in 2016 has not helped to alleviate the situation. Due to neglect, COSCO, a Chinese trading firm, owned a container line and ended the operation (Chatterji, Brig, 2020). Considering the COVID-19 pandemic, the Gwadar Port is still striving to continue its operations (Iron, 2020).

**Figure 3**

*Estimated Performance of Gwadar Port (Yousaf Tousif, 2012)*



## Findings

### *Data Collection from Officials*

This is an evaluation of how Gwadar Port can play a major role in the growth and development of Balochistan crucial for Pakistan’s economy. The following table displays the replies to the queries.

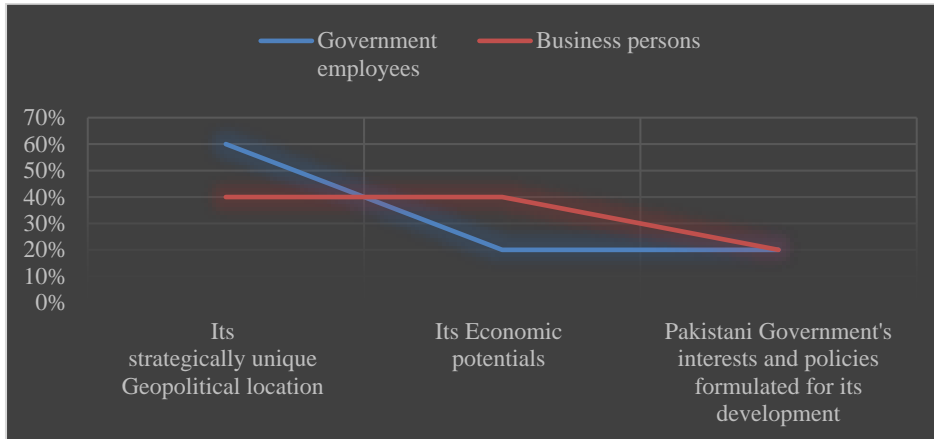
**Table 2**  
*Importance of Gwadar Port*

|                  |                      | Q-1. Why Gwadar port is important for CPEC and for the development and growth of Balochistan in the context of Pakistan's economy? |                         |   | Total  |
|------------------|----------------------|--|-------------------------|---|--------|
|                  |                      | Its strategically un`ique geopolitical location  | Its economic potentials | Pakistani Governments' interest and policies formulated for its development |        |
| Department       | Government employees | 3  | 1                       | 1   | 5      |
|                  | % within branch      | 60.0%  | 20.0%                   | 20.0%   | 100.0% |
| Business persons | Respondent           | 2  | 2                       | 1   | 5      |
|                  | % within branch      | 40.0%  | 40.0%                   | 20.0%   | 100.0% |
| Total            | Respondent           | 5  | 3                       | 2   | 10     |
|                  | % within branch      | 50.0%  | 30.0%                   | 20.0%   | 100.0% |

The graphic presentation of question-1 is shown in figure 4.

**Figure 4**

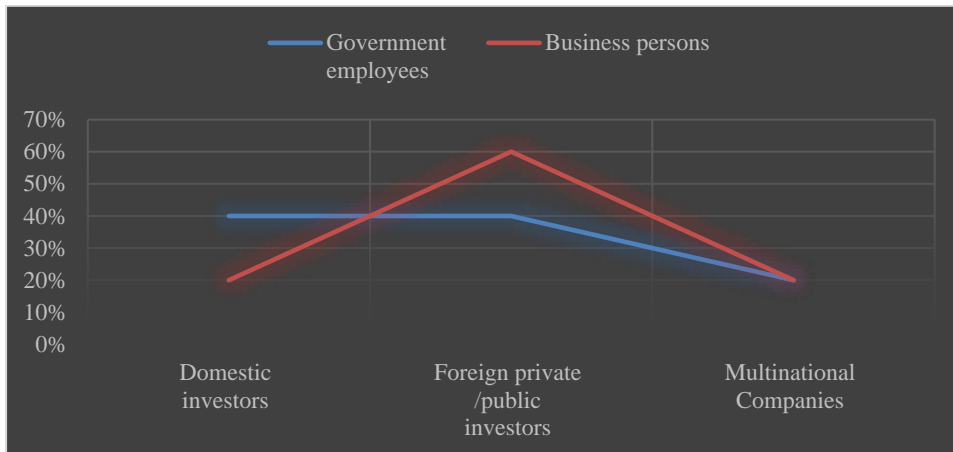
*Importance of Gwadar Port for CPEC and for Balochistan in the Context of Pakistan's Economy*



It is clear from the results that due to its strategically distinct geopolitical position, the port of Gwadar has immense economic opportunities that can strengthen the economy of both Pakistan and Baluchistan.

**Figure 5**

*Potential Investors at the Port of Gwadar*



The findings showed that investment by foreign investors is predicted, as those involved in cross - border trade will take full benefit of the Gwadar port due to its proximity to the major sea routes.

**Table 3**  
*Potential Investors at the Port of Gwadar*

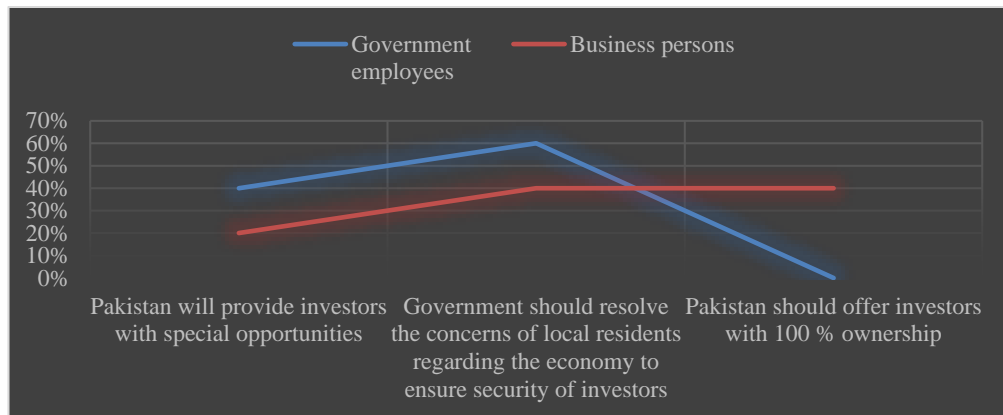
|            |                      | Q-2. Who are the future shareholders in the port of Gwadar? |                     |                                    |                         |        | Total |
|------------|----------------------|---|---------------------|------------------------------------|-------------------------|--------|-------|
| Department | Government employees | Respondent % within branch                                  | Domestic financiers | Foreign private /public financiers | Multinational Companies |        |       |
|            |                      | Respondent 2  | 2                   | 2                                  | 1                       | 5      |       |
|            |                      | 40.0%   | 40.0%               | 40.0%                              | 20.0%                   | 100.0% |       |
|            | Business persons     | Respondent 1  | 1                   | 3                                  | 1                       | 5      |       |
|            |                      | 20.0%   | 20.0%               | 60.0%                              | 20.0%                   | 100.0% |       |
| Total      |                      | Respondent 3  | 3                   | 5                                  | 2                       | 10     |       |
|            |                      | 30.0%   | 30.0%               | 50.0%                              | 20.0%                   | 100.0% |       |

The graphic presentation of question-2 is shown in figure 5.

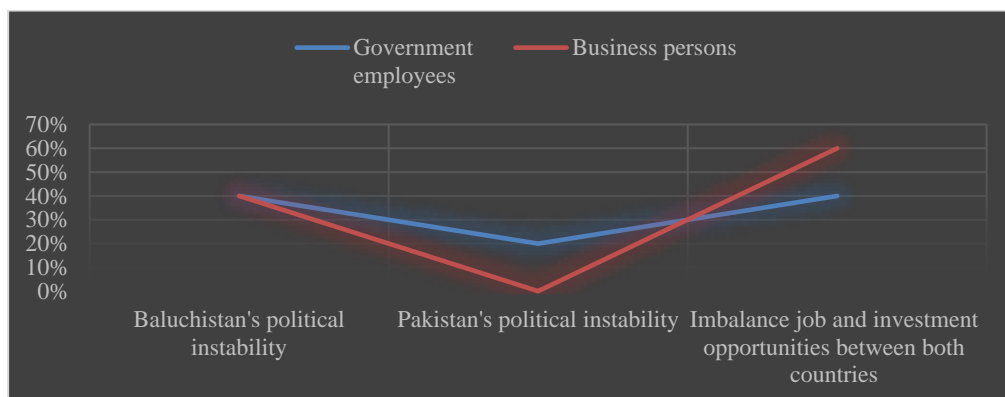
**Table 4**  
*Policies of Pakistan to Attract Investors*

|            |                      | Q-3. What policies will Pakistan follow in order to entice multiple investors and to grow the economy of locals? |  |   |  |        |
|------------|----------------------|--|--|---|--|--------|
| Department | Government employees | Respondent % within branch   | Pakistan will provide investors with special opportunities | Government should resolve the concerns of local residents regarding the economy and to ensure security of investors | Pakistan should offer investors with 100 % ownership | Total  |
|            |                      | 2  | 40.0%  | 3   | 0  | 5      |
|            |                      |  |  | 60.0%   | 0.0%   | 100.0% |
|            | Business persons     | 1  | 20.0%  | 2   | 2  | 5      |
|            |                      |  |  | 40.0%   | 40.0%  | 100.0% |
| Total      |                      | 3  | 30.0%  | 5   | 2  | 10     |
|            |                      |  |  | 50.0%   | 20.0%  | 100.0% |

The graphic presentation of question-3 is shown in figure 6.

**Figure 6***Pakistani Policies to Attract Investors at Gwadar Port to Boost the Economy*

Interviewee gave top priority to security, as Gwadar's security would prohibit potential investors from entering into business at the port. Several Baloch insurgents, who resist Balochistan in particular to Gwadar's advancement, have blown up various gas pipelines and trains and assaulted Chinese engineers because, for them, Gwadar is a look backward – not a move forward. Therefore, the Government of Pakistan could guarantee the citizens of that province that they would have complete ownership over the port of Gwadar so as not to endanger the security and peace of the port of the region.

**Figure 7***Hindrances of Gwadar Port to Become Fully Functional*

Results have shown that there is an inequity of business incentives for both nations when major work is transferred to foreign companies rather than domestic firms.



**Table 5**

*Significant Aspect that Hinders Gwadar Port from being Fully Functional*

Q-4. Which is the most significant aspect that hinders Gwadar port from being fully functional?

| Department | Government employee | Respondent % within branch | Baluchistan's political instability |       | Pakistan's political instability |       | Imbalance and investment opportunities between both countries |       | Total |
|------------|---------------------|----------------------------|-------------------------------------|-------|----------------------------------|-------|---|-------|-------|
|            |                     |                            | 2                                   | 40.0% | 1                                | 20.0% | 2   | 40.0% |       |
|            | Business persons    | Respondent % within branch | 2                                   | 40.0% | 0                                | 0.0%  | 3   | 60.0% | 5     |
|            |                     | Respondent % within branch | 4                                   | 40.0% | 1                                | 10.0% | 5   | 50.0% | 10    |
| Total      |                     |                            |                                     |       |                                  |       |   |       |       |

The graphic presentation of question-4 is shown in figure 7.

## Economic Role of Gwadar Port: its Strength and Weakness

Master Plan for the development and growth of Gwadar Port comprises development of 18,600 hectares of area for different projects. Analysis of data is done after studying the projects of Gwadar and visiting the site.

**Table 6**

*Economic Role of Gwadar Port: Its Strength and Weakness*

| S. No. | Economic Role of Gwadar Port | Land Use/Projects  | Strength   | Weakness  |
|--------|------------------------------|--|--|---|
| 1.     | Livelihood Project           | <ul style="list-style-type: none"> <li>• Industrial area (Bao Steel Park, Petrochemicals, Stainless Steel and Other Industries)</li> <li>• Upgrading and advancement of fishing , boating and repair facilities</li> </ul>                                   | <ul style="list-style-type: none"> <li>• Ensuring and supporting the health and lives of the indigenous community</li> <li>• Supported by governments of Pakistan and China and their stakeholders</li> </ul>  | <ul style="list-style-type: none"> <li>• Energy crises</li> <li>• Involvement of locals is neglected in development projects</li> <li>• Inadequate job opportunities for the locals</li> </ul>  |
| 2.     | Social facilities            | <ul style="list-style-type: none"> <li>• Gwadar University,</li> <li>• Pak-China Technical and Vocational Institute</li> <li>• New Gwadar International Airport</li> <li>• Hospital's up gradation</li> <li>• Infrastructure development projects</li> </ul> | <ul style="list-style-type: none"> <li>• Educate people about marine and maritime as well as other disciplines with the collaboration of one of the leading university of China.</li> <li>• Give people technical training as well as enhance their</li> </ul> | <ul style="list-style-type: none"> <li>• There is only one high school for boys and no school for girls is constructed, a school for girls is required.</li> <li>• If people will train with technical skills, then they must be provided a chance to use their skills in local projects</li> </ul> |

| S. No. | Economic Role of Gwadar Port | Land Use/Projects   | Strength  | Weakness  |
|--------|------------------------------|---|---|---|
| 3.     | Tourism                      | <ul style="list-style-type: none"> <li>Gwadar public park (located</li> </ul> | <p>skills in other fields.</p> <ul style="list-style-type: none"> <li>Construction of New Gwadar International Airport for easy access to the city and to stimulate the process of development. This airport facilitates people to visit the area that aid the economy of Region.</li> <li>Hospital up gradation to give more facilities to the people of Gwadar.</li> <li>Infrastructure development for improve the condition of area and to make their lives better</li> <li>Construction of coastal highway and other roads</li> </ul> <p>Peak as well as pleasant area for</p> | <p>because in new projects, locals already having these skills are not hired.</p> <ul style="list-style-type: none"> <li>Infrastructure development process is slow. No water is available in Gwadar. Government solved this issue 2 years ago but water of that area is salty.</li> </ul> <p>Security issues</p> |

| S. No. | Economic Role of Gwadar Port         | Land Use/Projects  | Strength  | Weakness  |
|--------|--------------------------------------|--|---|---|
| 4.     | Real estate development in Outskirts | <ul style="list-style-type: none"> <li>• between north and south avenue)</li> <li>• Free-of-cost space to run the ferry service</li> <li>• Recreational spots and resorts</li> <li>• Housing schemes for low and high income groups</li> <li>• Transformation of barren land into residential plots</li> </ul> | <ul style="list-style-type: none"> <li>• park in terms of its location and atmosphere</li> <li>• Revive the economy of Baluchistan</li> <li>• Invite international tourists to visit this port</li> <li>• Change the perspective of Gwadar around the world</li> <li>• Boost up Gwadar's real estate</li> <li>• Lead real estate market in future</li> <li>• Peaceful area but some security issues.</li> </ul> | <ul style="list-style-type: none"> <li>• Due to negative image of Baluchistan, people do not visit the area</li> <li>• No proper facilities for tourist</li> <li>• No petrol pump in the Gwadar port</li> <li>• Tourist network is not well integrated</li> <li>• Lack of conservation of already existing historical sites</li> <li>• New developments harmful for the ecosystem</li> <li>• Existing beauty of area deteriorates due to concrete jungle</li> </ul> |




### Opportunities and Future of Real Estate in Gwadar

When bearing in mind the settlement of representatives of real estate, Gwadar port is the core location. These representatives are one of those people who take more advantages from the development of the Gwadar port. As much as the opportunities will increase in Gwadar port, more and more investors will take an interest. Commercial activities increase also the land's value

Some zones have been developed until now and are best for all type investments, these zones discussed in the following table.

**Table 7**

*Zones in Gwadar for Investment Initiatives*

| Zone   | Graphical Representation   |
|--|--|
| <p>1. Airport commercials<br/>It has been given second primacy in development process.</p>   | <p><b>Figure 8</b><br/><i>750 m dia. Monument Circle Towards The Gwadar Airport (Wikipedia)</i></p>  |
| <p>2. New-Town phase one<br/>It is located in the heart of Gwadar, and a residential scheme that is suitable for investors.</p>  | <p><b>Figure 9</b><br/><i>New Town Phase-I (Wikipedia)</i></p>                                      |
| <p>3. Marine drive commercial<br/>In Gwadar, Marine drive is one of the roads that are more attractive for investors and this is the reason that most of real estate projects, housing schemes and societies are proposed along this road. This road will be called as “Main Boulevard of Gwadar” in future.</p> | <p><b>Figure 10</b><br/><i>Marine Drive Road Present Condition (Wikipedia)</i></p>                 |

Zone

Graphical Representation

**Figure 11***Marine Drive Road Proposed Future Development (Wikipedia)***4. Sanghar scheme**

It is the best location of residential and commercial activities due to connection of main road and all facilities nearby.

**Figure 12***Sanghar Scheme-Current Situation (Wikipedia)*

## Perspective of Local Community and Challenges in the Development Process in Gwadar

The completion of Gwadar would pave path for future investments that would not only boost Pakistan's economy but would also improve Baluchistan's condition.

However, after interviewing locals regarding the development of Gwadar, it seems that they are not satisfied with the employment opportunities at the port. One of the native laborers described it in the following words *"I was very happy when CPEC was initiated in this area. All the natives hoped to find job opportunities in newly launched projects but when Chinese companies appointed their own labors our hopes diminished, all this either belongs to China or to Punjab"*.

Leader of Local Anglers at Gwadar during his interview shared his views about CPEC *"The development of this port sounds good and economically beneficial for us but one issue which we faced in this whole program is that none of the developers considered that this is our land and we are the 1st owners of this land."*

Many other residents are very upset and described that they lost their hopes of getting any benefits from CPEC. Some people are also afraid of losing their residence or land.

Besides, a provincial group name “The Baloch National Movement” is totally against CPEC and supporting sovereignty for Baluchistan, in which the city of Gwadar exists. From their point of view in acquiring sovereignty, CPEC is a hurdle because due to this project they will not only lose control of their own areas but also on natural resources. They consider that China would hold the region in the future. Others are worried about the subjugation of of the Baloch community by promoting migrants into Gwadar. The government decided to resolve this problem by issuing cards to the natives to distinguish them from migrants. The government made it compulsory for migrants and visitors to register themselves on the check posts, marked at the entry points of the city, before entering into the city.

Local residents have hoped that their problems will be resolved through the development of Gwadar, but reality is quite different, as the living standards of the local community are below average.

**Figure 13**

*Present Condition of Living Standard of Locals in Gwadar*



Moreover, Gwadar doesn't have freshwater. "We are just dying of thirst, there are no medical professionals in our medical centers, issue of power breakdown is there, and there's garbage all around that nobody collects," these concerns were expressed by a local Rasool Bux, a fisherman who resides close the harbor. He continued, “most of the residents in the region obtain their water from the tankers that travel from Mirani Dam for two hours.” The tankers, though, come to his region just once or twice per month. Abdul Rahim, who serves for the Gwadar Development Authority under the Balochistan Provincial Government, explained



that the local AkraKaur lake has gone dry two years earlier, and water had to be delivered from a distant source, “Much of the water pumped in is polluted, contributing to a rise in waterborne diseases such as hepatitis, and groundwater is not a remedy,” he said. There is no use to drill wells, as underground water is all saltwater, "told Gul Mohammed, director of operations for the Port Authority, who said “his organization could provide clean water beyond the port and duty-free region but it would.”

### **Figure 14**

*Present Condition of Living Standard of Locals in Gwadar*



### **Conclusion**

Undoubtedly, CPEC is the biggest game-changer for China and Pakistan. It is a vision of China to rule the next era of the globe. It would improve the economy of Pakistan at the peak level. After launching the project of energy production, foreign investors are now showing their interest in this corridor.

Under CPEC, strategically Gwadar port is important for both regions. No one can deny the significance of this port because it is an important trade zone and will improve the trade of Asia soon. It would encourage Pakistani investors to invest in the development process. It will boost real estate developments as well and generate revenue for the nation. From the recreational point of view, tourists will aid the economy of Baluchistan as well as Pakistan. Pakistan, sadly, lacks a bit of resource management and also technical and managerial abilities; these curses often call for international assistance in dealing with situations.

## Suggestions

From the above discussion, it is clear that in large-scale development of Gwadar port, the poor of that area are ignored. They are living in a miserable condition and lack basic infrastructure. Accessibility of water is another issue made to assure but the salty water. Streets are in the worst condition with damaged sewerage lines. Additionally natives are neglected to be hired in development projects. Therefore, if both countries want to make CPEC successful in Gwadar then they must negotiate with the natives of that area and engage them in the process of development. The key participants of the Gwadar port are the people of that area. Their participation in task and management of the port, in industrial and commercial businesses, and urbanization processes is vital for all future projects. To reduce the reservations of natives regarding jobs, it is required that they be trained and hired for the work.

One of the issues that hinder the economic revival of Gwadar is the lack of basic facilities in the form of a high way that connects Gwadar to the other parts of the country. Facilities like motels, petrol pumps, and restaurants should be provided to facilitate visitors that conversely aid the economy of Gwadar.

According to the income of Gwadar port, for the next 40 years, China Overseas Ports Holding Company will get a big part of revenue, 91%, and the rest 9% will get by Gwadar port authority. Additionally, Pakistan has to pay \$3.5 billion per year for the loan given by China for CPEC (Malik, 2012). Pakistani companies are sidelined by China and reserved as an option in case of failure or delaying of supply by the Chinese companies. The terms of these projects should be revised.

Proper business solutions and setup is required to make Gwadar function. It is also stressed that domestic shipping can continue to be managed at Karachi, and only transshipments can be done at Gwadar. Pakistani government and the Baloch citizens should to develop it.

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