

China poised to control strategic Pakistani port - Tehran Times

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KARACHI (AP) — China is poised to take over operational control of a strategic deep-water Pakistani seaport that could serve as a vital economic hub for Beijing and perhaps a key military outpost, according to officials.

The construction of the port, in the former fishing village of Gwadar in troubled Baluchistan province, was largely funded by China at a cost of around \$200 million. It has been a commercial failure since it opened in 2007, because Pakistan never completed the road network to link the port to the rest of the country.

Chinese control of the port would give it a foothold in one of the world's most strategic areas and could unsettle officials in Washington, who have been concerned about Beijing's expanding regional influence.

The port on the Arabian Sea occupies a strategic location between South Asia, Central Asia and the Middle East. It lies near the Strait of Hormuz, gateway for about 20 percent of the world's oil.

China's interest is driven by concerns about energy security as it seeks to fuel its booming economy. It wants a place to anchor pipelines to secure oil and gas supplies from the Gulf. Beijing also believes that helping develop Pakistan will boost economic activity in its far western province of Xinjiang and dampen a simmering, low-intensity rebellion there.

Some experts view Gwadar as the westernmost link in the “string of pearls,” a line of ports from China to the Gulf that could facilitate expansion of the Chinese Navy in the Indian Ocean. That has sparked concern in both the U.S. and India.

Pakistan's Cabinet agreed Wednesday to a proposal for a company owned by the Chinese

government, China Overseas Port Holdings Limited, to purchase control of the port from Singapore's PSA International Pte Ltd., which won a bid in 2007 to operate the port for 40 years. The transaction has not yet occurred, a spokesman for Pakistan's Ministry of Ports and Shipping, Mohammed Raza, said Friday.

Pakistan views China as one of its most important allies and a counterweight to the United States, which has given Islamabad billions of dollars in aid but is often viewed as a fickle taskmaster.

China is expected to pay \$35 million for control of the port to PSA and two other groups that own an interest, said Aqeel Karim Dhedhi, one of the other shareholders. The third shareholder is the National Logistics Cell, which is controlled by the Pakistani army. The Chinese are waiting for a Pakistani court case challenging PSA's control of the port to be dismissed to complete the transaction, Dedhi said.

A senior Pakistani official said Beijing has agreed to spend hundreds of millions of dollars to finish a 900-kilometer (550-mile) road that would link the port with Pakistan's north-south Indus Highway, facilitating overland transport from Gwadar to China. The Pakistani government was supposed to complete the road in 2012, but it is only 60 percent finished, said the official, speaking on condition of anonymity because he was not authorized to talk to reporters.

It will still be a tough drive, passing along the Karakorum Highway that winds through the rugged mountains of northern Pakistan and then into Xinjiang province via a border crossing point at an elevation of 4,693 meters (15,397 feet). The path is often blocked by snow in winter.

Even so, the route will cut the overland distance from China's western provinces to the sea in half, from about 4,000 kilometers (2,500 miles) to China's east coast, to just 2,000 (1,250 miles) south to Gwadar.

Longer-term plans also call for road and rail links from Gwadar that would pass through strife-torn Afghanistan to energy-rich Central Asian states.

Asked about the port on Thursday, Chinese Foreign Ministry spokesman Hong Lei said "as long as projects are conducive to China-Pakistan relations, the Chinese side will positively

support them.”

The port is operating at only about 15 percent capacity now, and machinery originally installed by China is rusting for lack of use, said a Pakistani port worker, speaking on condition of anonymity because he was not authorized to talk to reporters.

On a purely economic basis, the level of trade through the port should be zero because of its drawbacks, but the government is spending millions of dollars in subsidies to ship fertilizer through the facility. It would be cheaper to send the shipments through the coastal city of Karachi, 700 kilometers (430 miles) to the east, the worker said.

Some government officials have claimed that violence in Baluchistan has prevented them from completing the road network. Baluch nationalists have waged a decades-long insurgency against the government, demanding greater autonomy and a larger share of the province's natural resources.

Gunmen shot to death two Pakistani air force personnel and a shopkeeper in a town near Gwadar on Tuesday, said local police official Izat Ali.

Other officials said the ruling Pakistan People's Party simply shifted priorities away from Baluchistan and spent the money building roads in its main areas of support in Sindh province.

“The solution to Gwadar is the Chinese, since they have shown the willingness to work in Pakistan under tough conditions,” said shareholder Dhedhi.