

# STRATEGIC COMPETITION IN SOUTH ASIA

## Gwadar and Chabahar

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*[Abstract: Infrastructure development in Pakistan's Gwadar port by China and in Iran's Chabahar port by India is driven by competition for geographic control to secure resources and markets and also by fear of strategic encirclement. These projects have the potential to create an uncertain balance of regional power between India and China and possibly between global powers over a period of time. The Gwadar port allows China to access the Indian Ocean, enabling it to monitor the activities of the US and Indian Naval forces in the Persian Gulf and the Arabian Sea. Chabahar port not only opens a gateway for India to Afghanistan, Central Asia, Russia and beyond, but also allows it to monitor Pakistani and Chinese naval activities in the Indian Ocean region and the Gulf. If both the projects and attended clutch of projects are taken up synergically by India and China, it can fuel all-out humans, economic, trade and cultural development across South Asia and Central Asia, sweeping through Afghanistan and Iran. The entire region is in the grip of poverty and is prone to growth of radical religious or ethnic currents which are opposed to all systems of government. If, however, rivalries intensify, the prevailing ethnic strife in the geographical domain has the potential of exacerbating such rivalries. Hopefully, both the regional powers and the global powers will convert their rivalries into partnerships for the betterment of all.]*

The port of Chabahar in Iran and Gwadar in Pakistan on the coast of Makran are separated from each other barely by about 70 kms. Infrastructure development taking place at these ports in South Asia is driven by competition for geographic control to secure resources and markets and the fear of strategic encirclement. Port Gwadar in Pakistan and Chabahar in Iran have, respectively, solidified strategic alliances between China and Pakistan and between India and Iran. These projects are perceived to create an uncertain balance of regional power at a time when the US is reducing its military presence in the region.<sup>1</sup>

Before the defeat of the former Soviet Union in Afghanistan and prior to the disintegration of the Eastern power bloc, the Eastern and Western blocs were

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<sup>1</sup> Daniels, R. (2013), 'Strategic Competition in South Asia: Gwadar, Chabahar, and the Risks of Infrastructure Development,' *The Journal of the National Committee on American Foreign Policy*, Vol. 35, No. 2, Pp. 93–100.

involved in such rivalries. It has been said that Zulfikar Ali Bhutto, a former Prime Minister of Pakistan, had gotten very close to signing an agreement in the late 1970s, according to which Pakistan was to allow the former Soviet Union to build a naval base in Gwadar port. In reaction to this move, the US planned to build a naval base near the port city of Chabahar. However, the plan was aborted following the victory of the Islamic Revolution in Iran. During its occupation of Afghanistan, the USSR had envisioned connecting the two ports of Gwadar and Chabahar through a road and rail network to Central Asia in order to facilitate military movements. Following the collapse of the Eastern Power bloc and subsequent power void, actors involved in the rivalry over Makran coast became more varied. At present, India and China have changed the nature of their rivalry from “military” to “economic and trade” and are accordingly proposing to have their presence in the port cities of Chabahar and Gwadar.<sup>2</sup>

China and Pakistan perceive the Gwadar port as an active economic and trade hub—similar to Hong Kong and Singapore—and are planning to turn it into a free trade port. It is contended that if it comes about, it will not only take Balochistan out of its current state of isolation and put it on path of development, but also will give impetus to the development of bigger geographical regions—extending from China’s Muslim dominated Xinjiang province to Central Asia, Afghanistan and Pakistan. China’s US \$46 billion project currently under implementation—the China-Pakistan Economic Corridor (CPEC)—includes various road and rail projects apart from the Makran highway that will connect Karachi to Gwadar and Karakoram region to Kashgar, the capital city of China’s Xinjiang province.<sup>3</sup> Parallel to this highway, a railroad and a gas pipeline are to facilitate China’s access to energy resources in the Persian Gulf and enable it to conduct trade through Gwadar port. Besides, there will be railroad and road branches connecting Gwadar to Quetta, the capital city of Balochistan, which would be connected to

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<sup>2</sup> Mollazehi, Pir-Mohammad (2016), ‘The Coast of Makran: An Arena for Rivalry among Powers,’ *Iran Review*, June 07.

<sup>3</sup> Kulshrestha, Rear Admiral Dr S. (Undated), ‘A Tale of Two Ports: Gwadar versus Chabahar,’ *World News Report*.

Afghanistan and Central Asia through the West-Chawar international border between Afghanistan and Pakistan.<sup>4</sup>

India remains critical of the agreement between China and Pakistan as CPEC traverses through an area in Pakistan Occupied Kashmir on which India lays its territorial claim and China has not bothered to consult India before inking the project and implementing it.<sup>5</sup> Also, China and Pakistan were accomplice to human rights and security issues during the implementation of the project.<sup>6</sup> On November 13, 2016 the corridor became operational with the first convoy of trucks laden with Chinese goods traversing about 3000kms from Kashgar in China arriving at Gwadar, which was further seen off in a Chinese ship to West Asia and Africa.<sup>7</sup> China has, under the CPEC project, handed over two ships equipped with state-of-the-art guns to Pakistan Navy to protect Gwadar port and also to protect sea lanes in the Arabian Sea. China has promised to provide two more ships to Pakistan for maritime security.<sup>8</sup>

Pakistan perceives the entire CPEC project to be a game changer. The \$46 billion investment by China is three times the total FDI it has got in the last decade. The project is likely to create some 700,000 jobs by 2030, and speed up GDP growth significantly. Investors would be backed by Chinese banks (especially Beijing-based) and Pakistan will not pick up any more debt in the process. The bulk of the investment will be in Energy. By 2017, \$15.5 Billion worth of coal, wind, solar and hydro energy projects will come up and 10,400 megawatts (MW) to the national grid. In all, Pakistan expects to add 16000 MW by 2021 in order to reduce its power shortage—a huge issue in Pakistan. The CPEC project also includes \$5.9 billion for road projects and \$3.7 billion for railway projects. A \$44 million optical fibre cable will also be laid between China and Pakistan.

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<sup>4</sup> *Op. cit.* 2

<sup>5</sup> Roy, S. (2017), 'On Corridor via POK, China Showed no Sensitivity: Govt,' *The Indian Express*, January 19.

<sup>6</sup> *Op. cit.* 3

<sup>7</sup> Katoch, P. (2016), 'China-Pakistan Economic Corridor: 'Highway of Terror' Turns Operational at Last,' *Firstpost*, November 16.

<sup>8</sup> *The Indian Express* (2017), 'China Hands Over Two Ships to Pakistan Navy for Gwadar Security,' January 15.

Besides the potential for growth, Pakistan believes that its growing/cementing economic and strategic links with China will give it greater strategic leverage both with India and the US in the Indian Ocean region.

There is more to China in the CPEC project: through this project Beijing is creating a Silk Road Economic Belt sprawled across a large patch of Asia and Eastern Europe, criss-crossed by a web of transport, energy supply and transcommunication lines. Gwadar lies close to the Strait of Hormuz, a key oil shipping lane. Gwadar can open up an energy and trade corridor from Gulf across Pakistan to Western China which can also be used by its Navy. For China, CPEC will open up land access to the Indian Ocean, cutting the nearly 13,000 km sea voyage from Tianjin to the Persian Gulf through the Strait of Malacca and around India to a mere 2000 km road journey from Kashgar to Gwadar. Thus, CPEC will reduce the isolation of the restive Xinjiang province, deepen its engagement with the rest of China, and raise its potential for tourism and investment. Central Asian Republics perceive that the CPEC networks will allow them access to the Indian Ocean.

For Chinese companies, CPEC investments will provide them opportunities for the next several years. As per the Agreement, they will be able to operate as profit-making entities. Chinese Banks will loan funds to companies for investing in commercial venture projects. For instance, the Chinese company, Three Gorges Corporation, will build wind power projects and operate them commercially for years to come.<sup>9</sup>

Setting aside India's concerns that the Chinese are investing in the CPEC project which passes through Pakistan Occupied Kashmir, on which India has territorial claims, China has invited India to take advantage of the trade routes that will be opened up by CPEC. In the same vein it has stated that if any country wants to label Pakistan as "supporting terrorism," then it will oppose such behaviour.<sup>10</sup> As it

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<sup>9</sup> The Indian Express (2016), 'China-Pakistan Economic Corridor: Pakistan's Road of High Hopes,' April 18.

<sup>10</sup> The Times of India (2016), 'After Pakistan General, Chinese Media Suggests to Join CPEC,' December 23.

stands today, such a statement by the Chinese media (which is controlled) firmly precludes India from the CPEC and sets aside India's objections to the project.

India has, for long, been seeking transit access for its relief assistance to Afghanistan through Pakistan; however, it has been consistently denied. Such a facility is not going to come by and India foresaw that through Iran's Chabahar port, transshipment of Indian goods could be made to Afghanistan and potentially to Central Asia as well. India also foresaw that Afghanistan, a land-locked country, will have the option of accessing sea routes without passing through Pakistan.<sup>11</sup> Iran and India have joined hands to implement a multipurpose project with similar objectives (as those of CPEC) at Chabahar port, about 70 kms away from Gwadar on Iranian coast which will use rail and road networks to connect Chabahar to Sistan and Balochistan's Capital city of Zahedan. From there, it will be connected to Iran's national rail-road network in the city of Birjand and then continue to Central Asia. The same railroad will give out a branch in the city of Zabol to enter Afghanistan, further making its way into Central Asia.<sup>12</sup> Indian Prime Minister Narendra Modi, Iranian President Hassan Rouhani and Afghan President Ashraf Ghani met in May 2016 in Tehran, when Prime Minister Modi pledged billions of dollars to develop Iran's south-eastern Chabahar port and help establish a free trade zone, stretching towards the Iran-Afghan border in the coming years.

India has been holding talks with Iran on the development of the port since 2003. However, owing to the long-drawn-out negotiations between the two countries and the international tension over Iran's nuclear programme and the subsequent sanction in Tehran in 2012 the programme remained stalled. When sanctions were partly relaxed, the two sides moved in promptly to go ahead. US experts have looked upon the Agreement in broader terms and have appreciated India's move motivated mainly by a desire to open a vast new trade link between a key Indian industry hub and the land-locked nations of Central Asia—excluding Pakistan.

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<sup>11</sup> Taylor, G. (2016), 'India-Iran Port Deal Reveals Tense Asian Rivalries,' *The Washington Times*, May 29.

<sup>12</sup> *Op. cit.* 2

During the May 2016 meeting in Tehran, Prime Minister Modi pledged \$500 million for the development of the port's facilities and to make it a major transshipment point for goods. He also promised that India will spend some \$16 billion in the coming years to develop the Chabahar Free Trade Zone with roads and railroads running inland to the north. President Rouhani saw the project as "a great symbol" of Iran-India co-operation, with Iranian energy resources and Indian mines potentially paving the way for expanded trade in aluminium, steel and petrochemicals between the two nations. Such plans will reintegrate Iranian economy into the global economic system following the lifting of international sanctions. For India, the enjoyment will mean easier access to oil and gas to feed its immense and growing energy needs. To the Indians, this engagement will counter-balance the Chinese initiative of CPEC, making sure that China is not the only option for Middle Eastern countries in terms of trading in future. Pakistan may perceive with alarm the alliance between Iran and India, which is bringing India closer to Afghanistan. Besides, growing friendship with Iran will give leverage to India in its relationship with Pakistan. Iran has tried to allay Pakistani concerns by clarifying that the deal between India-Iran and Afghanistan will serve the entire region and its peace and stability.<sup>13</sup>

The May 2016 Agreement between Iran and India will give momentum to the International North-South Transport Corridor of which both are initial signatories along with Russia. Iran is the key gateway in this project. It entails the ship, rail and road routes for moving freight between India, Russia, Iran, Europe and Central Asia. The route primarily involves moving freight from India, Iran, Azerbaijan and Russia. The objective of the corridor is to increase trade connectivity between major cities such as Mumbai, Moscow, Tehran, Baku, and Astrakhan.<sup>14</sup>

If both the Gwadar port and the Chabahar port projects rhyme synergically, they have the potential to fuel all-out human, economic, trade and cultural development across entire South Asia and Central Asia, sweeping through Iran and

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<sup>13</sup> *Op. cit.* 11

<sup>14</sup> Chowdhury, A. (2016), 'Five Things about Chabahar Port and How India Gains from It,' *The Economic Times*, May 23.

Afghanistan as well. The region otherwise gripped with poverty is prone to growth of radical religious or ethnic currents which oppose any system of government. Healthy rivalry between India and China in their pursuit of establishing stronger ties with South Asia and Central Asia via the ports of Chabahar and Gwadar has the potential to bring the entire region in the mainstream of development and governance. Nevertheless, it is logical to say that the coast of Makran, which remained forgotten for a long time, has become the focus of China's and India's development efforts, especially when regional powers—owing to their expanding economic interests through newer trade routes—are making efforts to gain access to this coastline. In due course, global powers that were earlier active in this region, i.e. Russia and the United States, may also enter. If the rivalries evolve into healthy partnerships for economic gains between regional powers on the one hand and global powers on the other, the entire region and the ports of Chabahar and Gwadar can look forward to an era of all-round development. If, however, instead of developing partnerships the rivalries intensify between the regional powers on the one hand and global powers on the other, the prevailing ethnic strife in the geographical region has the potential to exacerbate such rivalries. In such a scenario, there will be a cold winter ahead for all players. Hopefully, instead of rivalries, partnerships will be established for the betterment of all.