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## PRESENT

### Deep Sea Port

The development for Gwadar as Pakistan 's third deep water port has the potential to act as a catalyst for the development of the Makran Coast in South West of Balochistan. The Gwadar Deep Sea Port Project is to be implemented in two phases as under:

#### Phase-I

Cost of construction for Phase-I is estimated at \$248 million.

Work started in 2002.

Dredging in 5 km length of navigational channel to accommodate vessels 11 meter draft (50,000 DWT) with appropriate turning area.

Reclamation of land and associated port works, providing 3 berths of 600 meter total length and 200 meter each for general cargo and multipurpose facilities, together with a small boat berthing area.

Open and covered storage area including provision for the storage of containers.

Buildings and equipments for cargo loading and port operations.

Services, including power generation and desalination plant to meet the needs of the port.

Project completed by December 2004.



#### Phase-II

Cost of construction for Phase-II is estimated at \$750 million.

Work is scheduled to start in March, 2005.

Dredging of navigational channel to 14.7 meters, to accommodate large ships upto 200,000 DWT.

2 Container berths (300 meters each)

1 Bulk Cargo Terminal (300 meters).

1 Grain Terminal (300 meters).

1 roll on - roll off / passenger cum general cargo terminal (200 meters)

2 Oil piers to accommodate for 200,000 DWT ships.

Future expansion for 2 container berths (300 meters each).

Project is scheduled to be completed in 2007.



### Gwadar Port Comparison(s)

#### **Sea port models for developing Gwadar**

The first phase of the Gwadar deep-water project is going to be completed by December 18, this year and the port will become functional by next January. Gwadar has a special significance with reference to its geography and potential for development of trade links with Central Asian countries, Persian Gulf, East Africa, United Arab Emirates and north western India.

By virtue of its important location and related development projects, the town is poised to turn into a city that will be comparable with cities like Singapore, Hong Kong and Dubai.

Its strategic location as the southern extension of Pakistan into the Arabian Sea, renders itself as an egress gateway for transit traffic into the landlocked Central Asian Republics: Afghanistan and Iran. This geographic advantage endows Gwadar with the potential of becoming a commercial and economic hub of the sub-continent.

**Dubai model:** Gwadar is going to emerge as world's next biggest skyline. The first model for its development is Dubai. The port of Jebel Ali is situated 35km southwest of the city of Dubai.

Jebel Ali 'free zone' has been created to attract foreign businessman accustomed to certain levels of quality and efficiency. The zone is served by a modern infrastructure of excellent roads, water and power.

The zone is the ideal warehousing and distribution hub for a market of some two billion people. Combining the services of the best port in the

Middle East with an efficient, dynamic infrastructure it offers a unique opportunity to do business in the Middle East.

Stable regulations, well-developed communications, efficient transportation systems, and the pro-business environment of Dubai make this free zone one of the best in the world. It is already the base of more than 2,800 companies from more than 100 countries.

The zone allows 100 per cent foreign ownership of companies, as well as full repatriation of capital and profits. In addition, no corporate and income taxes, abundant energy, no currency restrictions, in-house e-business supports Dubai trade-portal among other unique benefits.

There are plans which are under consideration of Pakistan for the development of Gwadar port city on the pattern of Dubai. Gwadar with its fascinating geography has a great attraction for tourists. As a free-trade zone and by virtue of its strategic location as a corridor to Central Asian States, Gwadar offers great economic opportunities for investors.

A plan for construction of a tourist complex at Gwadar is under consideration of the Pakistan Tourism Development Corporation (PTDC). The lack of funds is the constraint in materializing the plan. Plans are under way to invite the private sector for launching ferry service, between Karachi and Gwadar and from Karachi to Bombay.

The beaches in Gwadar area are the finest in the world, offering sunshine round the year. Hotel people have reportedly planned to open their hotel in Gwadar. An exclusive self-sustaining tourism resort has been proposed for the foreign tourists on the West Bay including a Mariana.

It is worth mentioning that Dubai Ports Authority handled 5.15 million TEU in 2003, a record growth of 23 per cent in comparison with 2002. Gwadar has many natural advantages that the Dubai lacks and it may emerge as a natural access port to Asia for trade and commerce.

It requires a road connection up to the RCD highway giving it access to not only whole of Central Asia but also South Western China. Because of the Karakoram Highway, it would be more economically feasible for China to have land access to Kashgar through Gwadar. Similarly Kyrgystan, Uzbekistan, Kazakhastan, Tajikistan and Turkmenistan can best be served from Gwadar.

The Iran-Iraq war, the Gulf war in the beginning of 1990s and the Iraq war in 2003 and inter-state problems and the subsequent political crises as a result of these wars and conflicts have turned the whole Gulf region into a potential flash point. The continued crisis in Iraq will further destabilize the political economy of the region harming the trade and commerce activities via sea-routs.

All the regional seaports at present are located inside the potential war zone and thus may become vulnerable in the current tension-ridden political environment of the region.

There have been a long list of interstate problems between Iraq and Iran, Iraq and Kuwait, the Gulf states and Iran, Saudi Arabia and Iran, etc during the last two decades in the Gulf region turning the region into a closed lake.

The Central Asia cannot be commercially served, as most of the ports in Gulf are on the wrong side of the Gulf. Gwadar coast on the Asian mainland in the vicinity of both, the Gulf states and Iran, becomes a viable proposition.

Situated on the mouth of the Gulf, the Gwadar port will wait for transit of huge discovered and undiscovered estimated 2500 billion barrels of oil in Central Asian region to different destinations.

Gwadar is also likely to emerge as a transit port with Afghanistan, China and Central Asian states letting big ships off load or take on cargoes for and from other (usually smaller) ports servicing nearby regions. In technical terms, as 'transit port' Gwadar will berth big vessels - 50,000 tons dwt - and a channel depth of at least 15-m. Karachi can handle only 30,000 tons dwt ships through an 11-m deep channel.

According to an estimate, nearly 20 countries of the Middle East, Central Asia and South Asia will benefit from the Gwadar port. The port complex will provide facilities of warehousing, trans-shipment, transit and coastal trade, commercial and industrial openings for international export-import trade. For Afghanistan, a landlocked country and desperately needing export outlet, the construction of Gwadar port complex will help in boosting economic rehabilitation and activity.

**Lessons:** The prospects for lucrative business and profitable investment seem bright in Gwadar after the government's recent measures. A number of housing Schemes and high-rise construction on commercial plots have been planned like those in Dubai, meeting the international standards.

One must learn from the forces of status quo in trade arena in Dubai. Pakistan should frame such policies that would discourage monopolistic trends in transaction of trade and business in future free port of Gwadar.

**Singapore model:** Singapore is the second model which has virtually no natural resources but a good geographic location. On the other hand, Gwadar is blessed by nature with both- the natural resources and geo-strategic location. Like Singapore, the future port city of Gwadar should also have modern port and airport facilities conforming to the international standards. Similarly, the communications must be of a high standard.

Singapore's air terminal facilities provide extensive linkages, and connections to the world. There are over 3,000 weekly flights currently operating out of Changi Airport, connecting Singapore to 130 cities in 56 countries world wide. With excellent airport facilities and automated air cargo terminals, Changi Airfreight Centre handled a total of 1.34 million

tones of cargo in 1997.

Singapore's seaport is complementing the world-class air cargo facilities, the largest in the world in terms of shipping tonnage. With links to more than 600 ports world wide, it is the focal point for more than 400 shipping lines. The port handled 14.1 million TEUs in 1997.

With the construction of the new mega container terminal underway in Pasir Panjang, the port of Singapore is Well-positioned to maintain its role as the gateway to the Asia Pacific region. The Singapore government has introduced various incentives to promote the international trade.

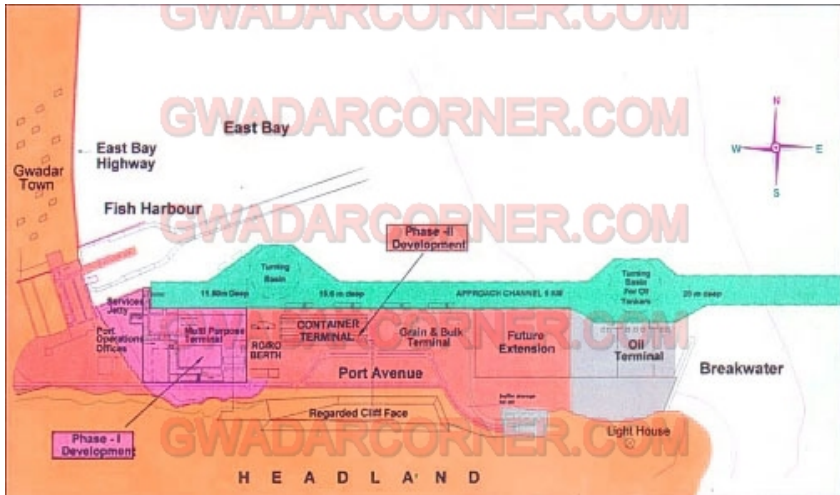
It is worth mentioning that Singapore government continues to encourage the development of Singapore into a modern industrial economy based on science, technology, skills and knowledge.

The objective is to become less vulnerable to protectionist measures in Singapore's export markets; and the ability to achieve the objective probably lies in the strength of pragmatic government policy and the almost total absence of industrial unrest.

Many manufacturers have made Singapore their regional distribution hub to leverage on Singapore's capabilities in shipping, aviation, warehousing and related services. Their presence has drawn major logistics companies to Singapore and encouraged the growth of strong local logistics providers to support their needs.

The presence of a critical mass of logistics companies, in turn, provides MNCs with world-class logistics services to support their operations via Singapore. Government of Pakistan should also take such measures and make such policies, which could ensure growth of local logistics providers and attract the foreign logistics companies in Gwadar.

Trade Net Plus, a four-network system consisting of 18 modules, covers all aspects of international trading cycle - from trade documentation, transportation, finance, insurance and cargo movements, to billing and payments. Gwadar also needs this system as it would increase its efficiency in trade transactions and would generate annual savings of billions of rupees.



**Deep Sea Port**