

1st October, 2015

Dear Mustafa,

You need not worry, I am not actually in Gwadar, which is on the western edge of the Baluchistan desert. Instead I am 700 kilometres further east in the more salubrious surroundings of the Sind Club in Karachi. But, Gwadar is a popular topic of conversation here.

In 1958 Pakistan purchased Gwadar from Oman for 5.5 billion rupees. It remained a sleepy outpost for almost 50 years until 2007 when the governments of Pakistan and China jointly agreed to develop it from scratch into a full-scale port city. And in the last 24 months Gwadar's prospects have improved even more.

China, the world's largest oil importer, gets the majority of this oil from the Persian Gulf. Just look the world map and consider the journey of an oil tanker to reach Shanghai, only for the oil to then arrive in western China! The journey by sea is 16,000 miles, takes 2-3 months and passes through the Straits of Malacca, which is an area rife with piracy and which could also be shut down by anti-Chinese interests.

Now reconsider Gwadar. It sits just outside the Straits of Hormuz directly in the line of all shipping routes out of the Gulf and, in geographic terms, there is only Pakistan to cross before you reach western China. So China is making Gwadar

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the centre of one of its largest infrastructure projects in the world.

Over the next 5 years China will invest approximately \$46bn not only in Gwadar port but also in building the China-Pakistan corridor. This latter development is a massive project that will link Gwadar to Kashgar in western China, a distance of over 2,400 kilometres, all of it through Pakistan. The build will include new rail, road, and pipeline infrastructure. It will not only facilitate imports into China but also their exports into the gulf region; it binds Pakistan to its northern neighbour.

The only concern is the USA's reaction, especially when China leaves a naval warship or submarine parked at their new port. I suppose we cross that (newly built) bridge when we get to it!

See you soon - Chris

A HOPEFULLY HELPFUL MAP



 **Approximate shipping route: Gulf to Shanghai**

 **Approximate corridor route: Gwadar to Kashgar**