

PAKISTAN – AN IMPORTANT LOGISTICS HUB FOR TRANSIT TRADE

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The Islamic Republic of Pakistan enjoys a position of immense geostrategic importance, bordered by Iran on the west, Afghanistan on the northwest, China on the northeast, India on the east, and Arabian Sea lying in the south. Its geographical location has not only evoked much interest among the major powers of the globe but also promoted the multi-lateral trade with neighboring countries, by leaps and bounds. Pakistan, geographically blessed serves as an essential hub operating as a focal point of logistics to the neighboring states, especially land-locked Afghanistan. The Central Asian Republics (CARs) of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan, possessing rich oil and gas assets need a corridor and a transit route to export their energy resources to South Asia. Pakistan and Afghanistan have reached an understanding on the broad parameters of Afghan exports to Pakistan and India and the use of Afghan territory for Pakistan's exports to the Central Asian states.

This is a major break-through as Pakistan has been in pursuit of gaining access to Central Asia since the collapse of the Soviet Union in 1991, which yielded fifteen new states, including five landlocked countries of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan, thus offering new markets, with vast economic and trade potential. Geographically, routes to the south for Central Asia are most feasible for trade, as other directions involve long distances, lack of infrastructure or prohibitive climate and topography. If Pakistan is successful in penetrating the Central Asian markets, it can become a major trade corridor through the seaports of Karachi, Port Qasim and Gwadar. Similar attempts are being made by Iran through development of Chahbahar seaport, which is located on the Makran coast in the Sistan-Balochistan province in Iran, just a few kilometers away from Gwadar across the border. It has been officially designated as a Free Trade and Industrial Zone by the Iranian government. In such a competitive environment, better transit services and more developed infrastructure will give an edge to Pakistan. Tapping this potential is of critical importance for Pakistan's heavily aid-dependent economy.

Pakistan's strategic location is also crucial for China for its trade movements to the Indian Ocean and Arabian Sea through the Karakorum Highway. To maintain a rapidly growing economy, China imperatively needs access to other states for trade expansion. Pakistan provides China with the transit trade routes for western region, energy corridor to import oil from the Gulf region and naval facilities on the Arabian Sea coast to protect its energy supply line from the Middle East.

International law makes it binding on the neighboring nations of landlocked countries to provide transit trade facilities. Since the commencement of War on Terror (WOT) in Afghanistan by the United States and other major powers, Pakistan has catered to the voluminous logistics of containerized goods,

military equipment, vehicles and general cargos to NATO, ISAF and allied forces deployed in Afghanistan. The development and reconstruction of Afghanistan's infrastructure has further fueled the logistics movement from Pakistan. The bi-lateral Afghan-Pakistan Transit Trade Agreement (APTTA) with both commercial and non-commercial logistics has added to the importance of Pakistan as a prominent trade corridor.

Pakistan, as an important logistics hub for transit trade will undoubtedly bring prosperity to South Asia along the trade routes and beyond, as nothing opens up an area to economic development better than good transportation networks with good transit rules and an ability to transport goods and people effectively.