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Pakistan Urges China to Boost Gwadar Investments

August 19, 2025

— Categories: Defence & Security

Pakistan has urged China to step up investment in the Gwadar Port and its associated industrial free zone, but analysts caution that slow implementation, weak investor confidence, and persistent infrastructure problems continue to hold back progress.

At a recent China-Pakistan Economic Corridor (CPEC) joint working group meeting in Islamabad, officials asked the Chinese operator of Gwadar Port, China Overseas Port Holding Company (COPHC), to present a detailed and time-bound business plan and accelerate development in the Gwadar Free Zone. The request highlights growing concern in Islamabad over the limited economic activity in what was once projected to be a centerpiece of China's Belt and Road Initiative (BRI) in Pakistan.

Gwadar Port, financed with about \$200 million from China Harbor Engineering Company, was formally transferred to COPHC in 2013 under a long-term concession agreement. While the operator has invested around \$250 million to develop the southern part of the Gwadar Free Zone, the larger northern section remains largely undeveloped. Investors are offered a 23-year tax holiday, but interest has been muted and commercial activity is yet to gain momentum.

Maritime experts in Pakistan note that COPHC was expected to prepare rolling five-year business plans, but none have been made public in recent years. Although China Communications Construction Company drafted a master plan in 2015, no fresh plans have been approved since 2020, leaving questions about the project's future direction.

Local officials argue that poor infrastructure has discouraged investors. Water shortages and an unreliable power supply remain major barriers. The dedicated 10-megawatt transmission line for Gwadar has experienced frequent breakdowns, prompting Prime Minister Shehbaz Sharif to establish a committee to propose long-term solutions.

Despite these constraints, COPHC is currently engaged in \$150 million worth of port-related improvements, including dredging operations and breakwater construction. These activities are financed by Beijing and are separate from the company's own commercial investments in the free zone.

Experts believe that Gwadar's ability to attract business will remain uncertain without stable utilities, improved security, and greater policy clarity. Hong Zhang, a professor of international studies at Indiana University, warned that additional investment could expose COPHC to financial losses if underlying issues are not addressed. Similarly, Ghulam Ali, a scholar of China-Pakistan relations, said Pakistan's simultaneous outreach to Washington complicates China's long-term strategic planning.

Gwadar is often described as the linchpin of CPEC, a program now valued at over \$60 billion, considered vital for Pakistan's economic growth and regional connectivity. However, analysts argue that unless Islamabad and Beijing can resolve infrastructure bottlenecks and political uncertainties, large-scale Chinese investment in Gwadar is likely to remain limited.