
Maritime Trade and Pakistan's Merchant Marines

¹Syed Husnain Haider, ²Dr Uzma Naz

¹Ph.D Scholar at Minhaj University Lahore

²Assistant Professor at Minhaj University Lahore

¹husnainofficialdoc@gmail.com ²druzma.ir@mul.edu.pk

Abstract

Being a maritime country, Pakistan is facing challenges and difficulties to take advantage of the resources of the ocean effectively. In the past, there is no strong footing and attentions have given to the maritime industry. Whereas the ocean trade has might become the backbone of Pakistan's economy. The Private and government shipping companies and the Maritime industry can boost the economic process of Pakistan. It is a need of time to pay attention to effective maritime policies and built the infrastructure for direct foreign investment. 80 % of Pakistan's trade volume is done through the ocean and a major part of this trade is through international shipping companies. New shipping business policies must be business-friendly. Provide opportunities to the Private and Public sectors both to explore the offshore resources. Provide facilitation to the tourism and hotel industry on the seashore can play a significant role in the maritime industry.

Keywords: Maritime, Shipping, Ports, Infrastructure, Investment

Introduction:

In the developed world the role of the Maritime industry is taken as sole and important in trade and transportation. 80 % of global trade is carried through the sea and the 70 % volume of world trade is handled through ports of the world. The maritime industry is supposed as the backbone of the trade. It is a reality that Pakistan's economy has been suffering for the last five decades. The Economic crisis has been more and more worst with passing Years. Pakistan's economy is only relying on its agriculture and some of the industries. It is very hard to need to plan something new which opens new doors for economic growth and development. In this regard, the projects like One Belt One Road (OBOR) and China Pakistan Economic Corridor (CPEC) are the keys of hope for economic development in Pakistan. CPEC is not only a road but it is a series of projects in which many are associated with sea and ports. It is a lifeline for Pakistan's Economy. In the modern economic value, the economy which is based on sea waters is termed a blue Economy. The Chinese direct investment is involved in CPEC which opens the new horizons of the blue economy in Pakistan. The strategic geographical position of Pakistan provides an extra edge to Pakistan in the entire region. Pakistan is the part of United Nations Sustainable Development Program (UNDP) and, already started working on blue development and sustainable goals. It is fact that the future of Pakistan belongs to the ocean. The blue economy has an equal and parallel economy to any other economic segment. Pakistan has a vast area of ocean that is still unexplored. The initiation of CPEC and Gwadar

port is landmarked event for Pakistan's economy. Pakistan's annual trade is only 39 million tonnes, of which only 2 million tonnes through the national carriers. It is only 5 % of the trade which resultantly caused colossal drain. The expenditure of the ports and ships repairing is also an additional drain. It is very hard to need to take attention in this industry to provide special packages and sanctions to the private sector for the development of new companies and ports.

Problem Statement

“The future of Pakistan belongs to oceans because the rich sources of minerals and fuels and food need to explore”. Like other economies agriculture, technology, and energy sector the shipping and marine sector have also great potential for contributing to the economy and development of the country.

Objectives:

1. The objectives of this research are to find the importance and role of a sea-based economy.
2. To find out the challenges and hurdles in the way of the "Blue Economy of Pakistan"

Significance of the Study

The study aims to find out the reasons and causes of the downfall of the shipping industry in Pakistan and try to explore the new opportunities and scope of merchant marines. This study is comprised of different aspects and scope of the marine-based economy.

Research Questions:

1. Scope and opportunities of Pakistan's Merchant and Maritime trades?
2. Does the Maritime-based economy have the potential to leads Pakistan's economy from deficit to Profit?
3. What will be the different segments of Maritime?
4. What are the ways to explore the different opportunities for sea resources?

Literature Review

In this study, the researcher describes the position and location of the Pakistan Exclusive Economic Zone. The researcher briefly discussed the geographical importance of EEZ. The living organisms and resources which are found in these regions are also shortly discussed. This is the piece of analytical research about the geostrategic position of Pakistan sea-line and the area which is in the jurisdiction of Pakistan in the Arabian Sea. It also includes some data about the natural sources and minerals of this region (Attard, 1987).

In another research, the author describes the brief history and background of Pakistan maritime affairs. He analyzed the different eras and government policies towards shipping and maritime. He also discussed the causes of the failure and decline of the maritime industry in Pakistan. This short article provides a short history of Pakistan shipping fleets and corporations. (S.M Shahzad, 2016)

In this study, the researcher briefly explained the scope and potential of the blue economy. He briefly discussed the industries which are associated with the maritime industry. He analyzed the potential of the blue economy with other economies. He explains different modes and ways about the shipping industries like engineering works, breaking yards, and hostelling and tourism industry. (Jawaid Ahmed Qureshi et al, 2017)

In his article researcher explain the role of CPEC and ports of Pakistan. He points out the potential and scope of Pakistani ports in the economy. He proclaimed various investments and foreign interests in the routes and ports. He analyzed the strategic location of Gwadar with other ports which are lying in the region. (Nadir, 2013)

In this research, the thesis researcher explained the sea-based trade and routes. He also discussed the various ways and opportunities of maritime trade. This statistical-based article provides a brief introduction about the trade of the world how much trade volume is done through the sea and what are advantages of sea trade are. (S.M Shahzad, 2017)

Research Methodology

The proposed research study will be comprised of both qualitative and quantitative methods. The previous reports and articles about the merchant marine and Pakistan Maritime affairs will be analyzed and quantified. Both primary and secondary resources will be used and observe for the different perspectives of Pakistan maritime affairs. The factors and the challenges will be explained as a descriptive study. The research design of the research is based on the basic theoretical explanation. This research explains the aspects of different opportunities in maritime as well as for "blue Economy".

Shipping Industry in Pakistan

History

The history of the shipping industry was not a good adventure for Asian countries. It started with an associate degree optimistic note and progressed well until the middle Seventies. In 1947 Pakistan has only four little-sized ships. In 1950 this fleet was comprised of 14 ships. In 1971 before the partition of Bengal the total number of no ships in Pakistan was 70 and this was a very astonishing number in the maritime industry. In the 1960s the government of Pakistan was pursuing the development of industries and manufacturing. The trade volume of Pakistan was flourishing at that time. The maritime industry was well involved in trade and transportation. Due to lean and flexible policies of the government, the industry and export were expanded day by day. The owner of ship companies making a profit by trade. The ports of Pakistan were considered as mega ports of the world and thousands of ships were anchored at the ports of Pakistan. The ship's maintenance and repairing industry was also making a profit. There were hundreds of ships and marine repair workshops were present on the ports. After the demise of Bangladesh in 1971, the coastal trade divided into two wings, and the golden period of Pakistan's maritime was ended. Therefore many National Merchant ship companies were divided due to affiliation with Bangladesh. In 1974 when the government of Pakistan has decided to nationalize the private industry it was the second shock for Pakistan maritime industry. It was the worst and bad idea in the history of Pakistan's economy. Like many other industries shipping industry can't escape from this policy. The owners and investors feel this policy is a breach of trust. After the policy of nationalization of industry the

healthy competition between public and private owners of shipping terminated. After that, the private owner was vanished from the market and registered their ships and companies in other countries and they never come back. The government owned all shipping companies of Pakistan and the National Shipping Corporation (NSC). After 1979 the NSC starts declining day by day. In 1982 there had been a crucial decline in the last 20 years that numbers of ships were minimized from 70 to 54 which carries the 518,000 tons deadweight. This number is more endangered in 2002-2003 when only 13 ships have remained which can carry 229,579 stons only, recently the corporation has only 3 oil tankers for transportation of petroleum. Now Pakistan has only 14 vessels that carry the weight of 470,326 tons.

Maritime and Blue Economy:

Before discussing the potential of the blue economy for Pakistan, it is necessary to know about the “blue economy”? The word “Blue Economy” may be new in the world of Economy. In 2010 the term "blue economy" was first introduced. The World Bank defines “Blue economy” as, “a property use of ocean resources for the economic process, improved sustenance, jobs, and ocean system health. It includes vary of sectors, like marine transportation, fisheries, tourism, aquaculture, offshore drilling, renewable energy resources, waste management, maritime analysis and development, ship-making and ship-breaking, and Exclusive Economic Zones, etc”. Blue Economy is just like the “Green Economy”. (Climate Change and Coastal Districts of Balochistan, 2012)

Potential of Maritime Industry

After 1970 the economy of Pakistan is facing crises from deficit to debit. According to the report of the World Bank, inflation will be high till 2020 in Pakistan. It is time for Government and Policymakers to think and planned such policies that provide room for new directions and horizons. This is the era of globalization and development where the world is prospering more and more. Luckily Pakistan has all resources and opportunities which are associated with a Sea-based economy. The development of CPEC and OBOR routes in Pakistan provides the way for the entire region to join us for trade and transportation. The deep natural ports and harbors provide an extra edge for developing a system and structure to the investors.

Role of Geographical Position and impact on Maritime Industry:

The geographic strategic position of Pakistan is very important and vital. In the East of Pakistan, India shares the common values of the Arabian Sea. West Afghanistan and Iran share the borders with Baluchistan and KPK province. The north of Pakistan is associated with the republic of china. The coastal line of Pakistan is situated at the south of Pakistan from east to west with the Arabian Sea. The gate of the Persian Gulf is also near the ports of Gwadar. The West has only one entry point in the Arabian Sea for oil carriages. Due to the strategic geographical position of Pakistan is important for the west to make their transportation and trade easy. (Climate Change, 2007)

1. Pakistan Coastal line 1050 KM
2. Exclusive Economic Zone (ESS) 240,000 sq.Km



The coastal line of Pakistan
www.wildlifeofPakistan.com

Impact of CPEC and Gwadar Port on Maritime Industry

“The Gwadar contains a nice strategic location. This sand can become gold”. In 2013 Chinese Minister of Communication announces that China is going to take an initiative for making a project named CPEC. The worth and investment of the CPEC at that is at 47 billion USD. After the venture of the Gwadar port project at the end of 2020, the worth of the CPEC project is 62 billion USD. To this Chinese direct investment on CPEC and Gwadar allow Pakistan maritime industry. The CPEC is a series of projects which provides the opportunity to investors and industrialists. The maritime industry is not only based on ships and cargos but it has many associated industries like (Final Report of Task Force on Climate Change, 2010)

1. Ship making industry
2. Shipbreaking industry
3. Touristy
4. Hoteling
5. Fishery
6. Shipyard construction
7. Marine transportation
8. Deep ocean Horizons
9. Off-shore exploration

According to an estimate, the project of CPEC provides an opportunity to produce 30 billion USD and can produce millions of jobs for locals.

Aquaculture and Fishery Industry:

The fishery is one of the most important an industry of export which is globally known as part of the “Blue economy”. It plays a crucial role in boosting the economy as well as the need for food. Pakistan's seawater is warm which is very healthy for marine life. The aqua bio life of Pakistan's continental is a breeding place for fishes and other marine species. The fishes, shrimp, and crab of the Arabian Sea are well renowned and favorite. Presently Pakistan is exporting 250 to 300 million \$ every year which is very less than the capacity and potential of sea production. The poor infrastructure and the less hygienic protocols the fishing sector in taking part as well. There are very few opportunities for fish catching and used just old techniques is also a cause for the demise of this industry. The government must assist the small companies and make new fish harbors and cold storage for the export of sea production. The

policies of fisheries must be reviewed and provide small loans and training to the fisherman and also produced jobs in this sector. (Climate Change and Coastal Districts of Balochistan, 2012)

Marine Transportation and Logistics:

The center of the “Blue economy” is based on sea transportation and Merchant maritime but unfortunately, Pakistan has only 14 ships now which are working for transportation and trade. Only one ship breaking yard is functional at Gaddani. The shipbreaking and transportation are going through a very tough time. The freight bill of Pakistan is 5 billion USD every year. The cost of the freight is damaging this industry. The development of Gwadar Port and the Kati Bandar port in Sindh under the project of CPEC provides new hope to this industry. The China Ocean Company is regularly working on infrastructure and the development of Gwadar port. The emergence of the shipping and transportation business provides new jobs to the locals. (History of WWF, 2017)

Ports, Harbors, and Shipyards in Pakistan

1. Karachi port
2. Gwadar Port
3. Kati Bandar port
4. Gaddani Ship Breaking Yard
"Gaddani ship-breaking yard is world 3rd largest ship breaking yard"
5. Karachi Harbor
6. Pasni Fish Harbor
7. Korangi Fish Harbor
8. Gwadar Fish Harbor
9. Gaddani Fish Harbor

. Hotels Industry and Marine Tourism:

According to the (WEF) report, Pakistan is the country which is earning the very smallest amount from tourism. In the list of 140 touristy countries, Pakistan is at 121 number.

Pakistan's total coastal area which is attached from Sindh and Balochistan is 1050 kilometers. The coastal line of Pakistan is started from Rann of Kutch in Sindh and along with the Jiwani to Gwadar in Balochistan. This all coastal area is full of sceneries and natural beauty. The number of spots and land of full beauty is present there. It needs to develop the infrastructure and resorts on the beaches of Pakistan's coastal areas for the tourism industry. The unique value of the Pakistan coast is it is jam-packed with, (Climate Change, 2007)

1. Sand Beaches
2. Rock cliffs
3. Headlands
4. Lagoons
5. Deltas
6. Islands
7. Mud Volcanoes
8. Estuaries
9. Mudflats

With this, all opportunities the coasts of Pakistan can develop for many other possibilities like

1. Water sports
2. Yachting
3. Diving
4. Snorkeling
5. Jet skiing

Challenges for Maritime in Pakistan:

Being a Maritime country but Pakistan is not taking advantage of the ocean. We are wasting our resources and capabilities with passing every day. The Challenges and the issues which Pakistan maritime sector is facing are: In the past there is no effective policy is available for maritime affairs. A comprehensive policy has been introduced in 2020 named "Blue Economy Policy 2020. In this policy the some of the aspects which were discussed earlier consider as part of the policy. However, it is a still need to form a policy that allows exploring the deep ocean resources. The success of any industry is based on the interest of the locals. (An Overview of IUCN-Pakistan, 2017) To provide specific training and assistance to the locals who are living there for decades. Provide loans and sanctions to the small industrialists for developing a culture towards the Marine trade. The policies have been clear and transparent for investors to invest in the marine industry. It is very hard to need to provide guidance and awareness regarding Marine ecology and Fishery. Proper Fishing harbors must be developed and the quality of hygiene not be compromised at any stage. To fulfill this requirement built state of the art facilities for icing and Packaging of ocean resources. On the beaches there are some safe breeding zones are present for fishes in the sense mangroves have been protective. The private companies and owners must be involved in the business of ports and transportation.

Conclusion and recommendations

Trade and transportation activities in the Pakistan continental waters can be maximized by developing infrastructure on Ports. The ship construction and repairing can also establish there. It is a truth that not only one sector like agriculture or any other industry can bear the weight of Pakistan. The status of GDP and growth improves when the private and the public sector both play their part effectively. The political stability and political structure of government provide the opportunity for foreign investment in the maritime sector. Make new policies and norms for investors and provide loans to relevant small industries of shipping and fishery. Luckily the continental waters of Pakistan are warm waters that are more suitable for sea-borne transportation and trade. The western countries are dependent to use the routes for carrying oil and fuel from the Middle East and Gulf also. It is very hard to need to establish new ports for international ships and carriages. The dependency of many regional and international traders and players on Pakistan's ocean and trade routes provides an unprecedented value to geopolitical position in the world community. For maximizing this opportunity Pakistan plays a vital political role in the entire region.

Recommendations

An opportunity

- a. Pakistan's maritime industry is an opportunity for Pakistan to give a jerk to the economy.
- b. In the Past Pakistan is relying only on agriculture but with the initiation of CPEC a new era has been started that is the era of "Blue Economy".
- c. Over time, it would be required to change the priorities and parameters for development and dependence.
- d. It is the right time to formed the policy and reshaping their economy in a new direction.
- e. The Natural deep ports of Pakistan are also an opportunity for Pakistan's maritime transportation and logistics industry.
- f. With the development of new ports and harbors, it would be a welcoming sign for the international community to come there for investment, business, and tourism.
- g. The political stability and economical strong Pakistan would be the leader of the new world paradigm and fulfilling the aim of "blue economy" and the Marine industry would be the key of hope.
- h. It is also a need to emphasize on the policy of the maritime sector would attain its social, political, security, and economic goals.

References

- An Overview of Environmental NGOs in Pakistan. (2016). Retrieved from Environmental Protection NGOs: Environmental Protection NGOs. ([Http://www.ngos.org.pk/environment/environmental_protection_ngos.htm](http://www.ngos.org.pk/environment/environmental_protection_ngos.htm))
- An Overview of EPA. (2017). Retrieved from Environment Protection Agency: [Http://environment.gov.pk/](http://environment.gov.pk/)
- Climate Change. (2007). Retrieved from UNFCCC: United Nations Framework Convention on Climate Change – UNFCCC. (2007). Climate Ch[Http://unfccc.int/resource/docs/publications/impacts.pdf](http://unfccc.int/resource/docs/publications/impacts.pdf)
- Pakistan: Drought 2014-2017. (2017). Retrieved from Reliefweb: [Http://reliefweb.int/disaster/dr-2014-000035-pak](http://reliefweb.int/disaster/dr-2014-000035-pak)
- An Overview of IUCN-Pakistan. (2017). Retrieved from International Union for Conservation of Nature: [Https://www.iucn.org/asia/countries/pakistan](https://www.iucn.org/asia/countries/pakistan)
- An Overview of UNGC-Pakistan. (2017). Retrieved from United Nations Global Compact: [Https://www.unglobalcompact.org/](https://www.unglobalcompact.org/)
- (2012). Climate Change and Coastal Districts of Balochistan. Karachi: IUCN Pakistan.

Final Report of Task Force on Climate Change. (2010). Retrieved from Pakistan Planning Commission: Pakistan Planning Commission. (2010)[Http://www.pc.gov.pk/usefull%20links/Taskforces/TFCC%20Final%20Report.pdf](http://www.pc.gov.pk/usefull%20links/Taskforces/TFCC%20Final%20Report.pdf)

History of WWF. (2017). Retrieved from World Wildlife Fund: [Https://www.worldwildlife.org/about/history](https://www.worldwildlife.org/about/history)

Jawaid Ahmed Qureshi et al. (2017). An Overview of MOCC. Retrieved from Ministry of Climate Change: [Http://www.mocc.gov.pk/](http://www.mocc.gov.pk/)

M.Rafique. (2018). A review on the status, ecological importance, vulnerabilities, and conservation strategies for the Mangrove ecosystems of Pakistan. Pakistan Journal of Botany, 1645-1659.

World Wildlife Fund – WWF-Pakistan. (2017, January). Retrieved from World Wildlife Fund: [Http://www.wwfpak.org/gis/#sthash.JX6OJQ4f.dpuf](http://www.wwfpak.org/gis/#sthash.JX6OJQ4f.dpuf)

s