



China: Aiming to militarize Pakistani port to expand naval influence in the Indian Ocean

(U) China will probably begin to establish a military presence at the Gwadar port in Pakistan within the next six months, and will begin conducting naval operations from the port within 5 years. China will probably aim to pull Pakistan into a debt trap in order to ensure control over their use of the port.

- (U) In 2016, China began constructing a deepwater port in Pakistan's Gwadar region as part of the Chinese-Pakistan Economic Corridor (CPEC). CPEC, a part of China's greater Belt and Road Initiative (BRI), aims to boost the Chinese economy by connecting China with many new and untapped markets, both by land and sea, according to China-US Focusⁱ.
- (U) China will probably deploy its People's Liberation Army troops to Pakistan to protect its workers against terrorist threats--as it has done in the Gilgit-Baltistan region to protect a dam construction project--although the Pakistani military is currently providing security in the Gwadar region, according to the Center for Strategic and International Studiesⁱⁱ.
- (U) In September 2017, China agreed to assist Pakistan in building "civil armed forces," which included Pakistan's roughly 15,000 man strong "Special Security Division," in order to help better protect the Gwadar port project. The number of Chinese military and security trainers that will be deployed to Gwadar is undisclosed, but their number is expected to be sizable, according to the Pakistan-China Institute's "CPEC portal"ⁱⁱⁱ.

(U) It is probable that Pakistan will become indebted to China and will be forced to concede to Chinese policy decisions. China is seeking to expand its strategic influence in Pakistan by investing large sums of money into strategic areas of Pakistan.

- (U) China previously loaned Sri Lanka close to \$8 billion for infrastructure projects, even though it was widely speculated since the deal's inception that Sri Lanka would not be able to pay back these loans¹.
- (U) China financed the port of Hambantota in Sri Lanka at high interest rates², making it impossible for the government of Sri Lanka to pay back the loans and forcing Sri Lanka to give China control of the new port and surrounding area for 99 years in exchange for more manageable payments on the loan, according to *The National*³.^{iv}

¹ Sri Lanka first looked to India and others for loans to build the port of Hambantota, but they were turned away due to feasibility studies that suggested such a port would not be economically viable. Only Chinese companies were interested in constructing the port.

² China commonly makes infrastructure loans with interest rates of up to 5% or 6%.

³ China received 85% of Hambantota port in the lease agreement, but many consider the remaining 15% that Sri Lanka holds to be effectively useless.



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- (U) China is planning to loan or grant \$62 billion to Pakistan for the CPEC project, according to Devex^v. It is probable that Pakistan will be unable to pay back these high-interest loans, possibly forcing them to make concessions to Beijing.

(U) China will probably continue to militarize the port of Gwadar and increase naval operations there during the next 5 years, giving China a strategic advantage in the Indian Ocean.⁴

- (U) China would gain a substantial strategic advantage along the Arabian Sea--a potential conflict area--if it controlled the Gwadar port. The ability to launch naval operations from Gwadar would allow China to attack India on two fronts and potentially gain control of the Strait of Hormuz, disrupting international trade.
- (U) Pakistan's Ambassador to China, Masoud Khalidhas, said the port will be fully operational in 3-4 years, at which point the Chinese would be able to use it for naval operations, according to Gulf News^{vi}.
- (U) China's naval capacity in the Indian Ocean is outmatched by India. Closer partnership between the U.S., India, and the other nations in the Quadrilateral Security Dialogue--Japan and Australia-- could help to combat China's strategic expansion, as all of these nations have personal concerns about the Gwadar port and the BRI as a whole.

⁴ Chinese warships have already docked in Gwadar, but naval operations so far have been limited.

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