



PIDE
PAKISTAN INSTITUTE
OF DEVELOPMENT
ECONOMICS



CENTRE OF EXCELLENCE
China-Pakistan Economic Corridor



Policy View Point: NO.72:2026

Winning Transshipment: A Roadmap to Make Gwadar a Preferred Hub for Global Shipping Lines



Author

○ — Mujtaba Arshad
Research Associate CoE-CPEC,
PIDE

Executive Summary

The disruption in the Strait of Hormuz in early 2026 briefly redirected regional cargo flows toward Pakistan's ports, with Karachi recording an unprecedented surge in transshipment activity and Gwadar receiving its first dedicated transshipment vessel call. While these developments highlighted Pakistan's strategic location outside the Gulf risk zone, they also demonstrated that temporary geopolitical disruptions alone cannot sustain long-term transshipment growth. Once regional stability returns, cargo will flow back to established hubs unless Pakistan strengthens its commercial competitiveness.

This Policy View argues that Gwadar can become a preferred regional transshipment hub only if shipping lines choose it on commercial merit rather than crisis-driven necessity. It proposes five mutually reinforcing reforms; improving commercial competitiveness through competitive pricing, digital customs, dredging, and security; securing long-term commitments from major liner operators; systematically diverting bulk cargo to build throughput; developing an inclusive blue economy around Gwadar's fishing sector; and establishing Gwadar as Balochistan's principal mineral export gateway. Together, these reforms provide a commercially grounded roadmap for transforming Gwadar into a preferred regional transshipment hub under CPEC 2.0.

1. THE STRATEGIC MOMENT – AND WHY PAKISTAN KEEPS MISSING IT

Roughly one-fifth of the world's seaborne oil and liquefied natural gas transits the Strait of Hormuz. Following military escalation between the United States, Israel, and Iran in early 2026, war-risk insurance premiums surged, and shipping lines sought lower-risk alternatives, temporarily diverting cargo to Karachi, Port Qasim, and for the first time Gwadar. The episode highlighted Pakistan's strategic potential as a regional transshipment hub during periods of maritime disruption.

The impact was immediate. Karachi Port handled more transshipment containers during March 2026 than in the whole of 2025, while the government authorised bulk and break-bulk cargo under transshipment arrangements for the first time. On the same day, Gwadar received its first dedicated transshipment vessel call, a symbolic milestone demonstrating the commercial opportunities created by regional shipping disruptions.

Despite recent gains, Gwadar remains constrained by limited draft depth, the absence of scheduled liner services, and gaps in commercial competitiveness. Unless these structural constraints are addressed, diverted cargo is likely to return to established regional hubs as shipping conditions normalize.

Unlike Gulf ports located inside or adjacent to the chokepoint, Gwadar sits outside it while remaining directly connected to the East-West lanes linking East Asia, the Middle East, Africa, and Europe. That geographic advantage is real. But geography has never been enough on its own — Singapore, Jebel Ali, Salalah, and Colombo all succeeded primarily through integrated logistics ecosystems: competitive pricing, anchor shipping-line partnerships, digital trade facilitation, and industrial cargo generation. Gwadar must compete on those same commercial fundamentals rather than rely on future geopolitical crises.

2. WHERE GWADAR STANDS – THE SCALE OF THE UNDERUTILISATION GAP

The core problem is not a lack of infrastructure. Gwadar has a deep-sea berth. It has a bulk terminal designed for roughly 11 million tonnes a year. It sits inside a Special Economic Zone intended to generate industrial cargo. The problem is that almost none of this capacity is actually being used.

Port	Capacity (MT/yr, official)	Recent Actual Throughput	Reported/Estimated Utilisation	Status
Karachi Port	125 (KPT, official)	55.44 MT (FY2025–26, record year)	44%–52%*	Record throughput; still well below installed capacity
Port Qasim	89 (PQA, official)	36.55 MT (9-month actual, Jul–Mar FY2025–26)	65%*	Active; LNG/bulk-heavy; congestion on bulk berths
Gwadar Port	11 (bulk terminal, GPA)	34,000 tonnes (most recent reporting)	0.3% capacity-derived; 5–10% Independent estimate*	Critically underused; first dedicated transshipment calls in 2026

Source: Official capacity: Karachi Port Trust (kpt.gov.pk, port statistics) and Port Qasim Authority (pqa.gov.pk, official site). Karachi throughput: KPT FY2025–26 annual performance review, as reported in Business Recorder, “KPT handles 55.44mt of cargo in FY26,” 1 August 2026. Port Qasim throughput: Port Qasim Authority nine-month performance data, as reported in The Express Tribune, “Port Qasim cargo rises 8.2% despite fewer ships,” 1 April 2026. Gwadar throughput: Business Recorder, “Revitalising Gwadar port before establishing new ports,” 2026. Independent utilisation estimates, using a different denominator methodology, are drawn from Business Recorder, “Clean ports, strong economy: fight for transparency in maritime sector,” 2 April 2026. For Gwadar, 34,000 tonnes against the 11-million-tonne design capacity implies approximately 0.3% capacity-derived utilisation, while an independent estimate reports 5–10% using a different denominator. These figures are reported transparently and should not be treated as directly interchangeable.

Three structural constraints explain Gwadar’s underutilisation. First, the absence of a rail connection to the national network makes inland transport significantly more expensive than routing cargo through Karachi. Second, limited industrial activity in the Free Zone generates little local cargo. Third, Gwadar remains weakly integrated into global liner networks, with only limited scheduled international shipping services. Together, these constraints prevent the port from converting its strategic location into sustained commercial activity.

Table 2 – Annual Vessel Calls: Pakistan vs. Regional Comparators (2025 Baseline)

Port	Country	Annual Vessel Calls
Sohar	Oman	4,807
Colombo	Sri Lanka	4,310
Karachi Port	Pakistan	1,600
Port Qasim	Pakistan	1,535
Chabahar	Iran	41
Gwadar	Pakistan	22 (pre-2026 baseline)

Source: Report presented to the Senate Standing Committee on Planning, Development and Special Initiatives, Government of Pakistan, as reported in Profit by Pakistan Today, “Pakistan’s port charges highest in region, weighing down Gwadar’s growth: report,” 17 May 2025.

Colombo demonstrates that long-term transshipment success depends on liner connectivity, operational efficiency, and competitive pricing rather than a superior geographic location alone. Gwadar possesses similar strategic potential but must strengthen these commercial fundamentals before it can emerge as a regional hub.

3. PILLAR ONE – COMPETING ON COMMERCIAL TERMS

Successful transshipment hubs compete on commercial performance rather than geography alone. Shipping lines prioritise turnaround time, berth availability, predictable schedules, digital customs procedures, and overall logistics costs when selecting ports. Unless Gwadar can compete on these fundamentals, crisis-driven vessel calls are unlikely to evolve into regular scheduled services.

3.1 Port -Choice Framework for Gwadar

Shipping lines do not select transshipment hubs on geography alone. Port-choice research identifies a combination of monetary, time, operational, traffic, location and liner-related factors as determinants of hub selection. In particular, shipping lines consider port charges, turnaround time, berth and terminal reliability, vessel accessibility, cargo availability, feeder connectivity and the frequency of liner services.

For Gwadar, this implies that a lower tariff is necessary but not sufficient to attract sustained transshipment volumes. The port must offer a competitive bundle of price, time, reliability and

network connectivity relative to established hubs such as Colombo, Salalah and Jebel Ali. The relevant policy objective is therefore to reduce the generalized cost of choosing Gwadar while simultaneously improving the operational and network conditions that determine shipping-line choice.

The framework can be represented as:

Port choice = f (price, turnaround time, berth reliability, draft/accessibility, cargo availability, feeder connectivity, customs efficiency, security and liner-service frequency).

The proposed reforms in this Policy View target these determinants directly: pricing addresses monetary costs; digital customs reduce time and transaction costs; dredging improves accessibility and reliability; anchor agreements strengthen liner connectivity; and cargo-generation policies increase the traffic base available to shipping lines.

3.2 Formalising the Framework: A Discrete-Choice (MNL) Specification

The determinants identified above can be formalised as a discrete-choice model of shipping-line hub selection, following the multinomial logit (MNL) tradition established in the port-choice literature (Malchow and Kanafani, 2004; Nir et al., 2003; Tiwari, Itoh and Doi, 2003; Kavirathna, 2018). For a carrier evaluating a candidate set of hub ports $j \in \{Gwadar, Colombo, Jebel Ali, Salalah, Sohar, Chabahar\}$, the probability that the carrier selects Gwadar ($j = G$) for a given service string is:

$$P(G) = \exp(V_G) / \sum_j \exp(V_j)$$

where V_j is the deterministic utility (generalised attractiveness) of port j , specified as a linear function of the same attributes already named above:

$$V_j = \beta_0 + \beta_1(\text{Price}_j) + \beta_2(\text{Turnaround Time}_j) + \beta_3(\text{Berth Reliability}_j) + \beta_4(\text{Draft}_j) + \beta_5(\text{Cargo Availability}_j) + \beta_6(\text{Feeder Connectivity}_j) + \beta_7(\text{Customs Efficiency}_j) + \beta_8(\text{Security Index}_j) + \beta_9(\text{Service Frequency}_j) + \varepsilon_j$$

This specification converts the qualitative determinants already named in this Policy View into a testable empirical model with two direct policy uses. First, because utility is additive across attributes, each of the five reform pillars maps onto a specific coefficient — pricing reform operates through β_1 , digital customs through β_7 , dredging through β_4 , anchor shipping-line agreements through β_9 , and the security pillar through β_8 — allowing the eventual, ex-post attribution of any observed volume gain to the specific reform that produced it. Second, the model formalises a point implicit throughout this brief: Gwadar's selection probability is inherently relative, so the reform package must be sustained rather than one-off, since competitors will not stand still while Gwadar improves.

Estimating β coefficients requires carrier-level routing data that CoE-CPEC does not currently hold. This Policy View therefore recommends, as an amendment to Recommendation 1 (Section 9), that the proposed Gwadar Transshipment Authority commission a follow-on empirical study using vessel-call records from Sohar, Colombo, Salalah, Jebel Ali, Chabahar, and Gwadar (2023–2026) to estimate the model via revealed-preference data, following the methodology Tiwari, Itoh and Doi (2003) applied to Chinese shippers and Kavirathna (2018) applied to South Asian hub selection. This would convert the directional claims of the current brief into calibrated volume-gain forecasts suitable for budget planning.

3.3 Pricing Reform — Competing with Colombo, Not Undercutting Karachi

An independent benchmarking review of Gwadar's port dues and cargo-handling charges against Colombo, Jebel Ali, Salalah, and Sohar should be undertaken immediately. Based on its findings, Pakistan should introduce a time-bound promotional discount around 50 percent for five years to attract new shipping services. The objective is to position Gwadar as a commercially competitive regional hub while avoiding simple diversion of domestic cargo from Karachi without generating additional international transshipment volumes.

3.4 Fiscal Breakeven Analysis of the Proposed Discount

The fiscal soundness of the proposed 50 percent, five-year promotional discount can be tested directly against Gwadar's actual, published port-dues schedule. A Senate Standing Committee report (2025) records that Gwadar Port Authority (GPA) currently charges USD 15,000 in port dues for a 50,000 GRT vessel call — the same tier at which Karachi Port Trust charges USD 18,900 and Port Qasim Authority USD 15,000. A 50 percent discount therefore reduces GPA's dues income to USD 7,500 per call at this vessel size.

Applying the discount to Gwadar's pre-2026 baseline of 22 annual vessel calls (Table 2) produces an annual revenue exposure of $22 \times \text{USD } 7,500 = \text{USD } 165,000$, on the conservative assumption that these baseline calls would have paid full dues in the absence of the discount. To recover this exposure purely through incremental calls attracted by the lower rate, Gwadar would need:

Breakeven incremental calls = USD 165,000 ÷ USD 7,500 per call = 22 additional calls/year

Under the 50,000-GRT vessel assumption used for the tariff comparison, total calls required for GPA's port-dues revenue to return to its pre-discount level are therefore 44 per year (22 existing calls plus 22 incremental calls) — a target slightly above Chabahar's current 41 annual calls and far below Colombo's 4,310 or Sohar's 4,807 (Table 2). Every vessel call beyond 44/year at the discounted rate becomes net-positive to dues revenue relative to the pre-reform baseline. This is a conservative gross-revenue break-even estimate because it counts only port dues: berth hire, pilotage and cargo-handling charges are not included in the calculation and would generate additional revenue from incremental calls. The fiscal impact should therefore be assessed separately using the port's actual incremental operating costs.

Over the full five-year promotional window, cumulative dues exposure on existing traffic is approximately USD 825,000 ($22 \times \text{USD } 7,500 \times 5 \text{ years}$).

A concession-structure caveat the discount design should observe

Under the 40-year Build-Operate-Transfer concession with China Overseas Ports Holding Company (COPHC), terminal handling revenue collected by COPHC-operated entities (Gwadar International Terminal and Gwadar Marine Services) is split 91 percent to COPHC and 9 percent to GPA, as confirmed by Ministry of Maritime Affairs data presented to the Senate. Port dues, by contrast, are collected directly by GPA and are not subject to this revenue split. This Policy View therefore recommends that the promotional discount be structured specifically as a GPA port-dues rebate — where Pakistan captures the full marginal fiscal benefit of the breakeven calculation above — rather than as a discount on COPHC terminal handling charges, where any equivalent revenue gain would be 91 percent captured by the concessionaire rather than Pakistan.

Source: Port-dues figures: Senate Standing Committee on Planning, Development and Special Initiatives, as reported in Profit by Pakistan Today, “Pakistan’s port charges highest in region, weighing down Gwadar’s growth: report,” 17 May 2025. Revenue-split figures: Ministry of Maritime Affairs data presented to the Senate, as reported in Dawn, “China to get 91pc Gwadar income, minister tells Senate,” Corroborated by Asia Times (2017) and The People’s Map of Global China.

Five-Year Fiscal Break-Even Test

The calculation above establishes the gross-revenue break-even threshold. A full NPV assessment would additionally require an agreed government discount rate, the actual vessel-size mix and any incremental administrative or operating costs. Given these data limitations, this Policy View uses the 44-call threshold as a transparent fiscal break-even benchmark rather than presenting an NPV estimate based on unsupported assumptions.

$$NPV = \sum [\text{Incremental port-dues revenue} - \text{revenue forgone} - \text{incremental programme costs}]_t / (1+r)^t$$

where r is the government's applicable discount rate. Under the 50 percent tariff reduction, the 44-call threshold represents the gross port-dues break-even point under the 50,000-GRT vessel assumption. The final NPV should be recalculated using the government's applicable discount rate, actual annual vessel-call mix and any incremental administrative or operating costs associated with the incentive.

The relevant 2026 Gwadar Port Authority tariff schedule should be treated as the primary tariff reference for the final fiscal calculation, with the Senate-reported figures used as a cross-check.

Table 3 – Port-Dues Revenue Under Alternative Vessel-Call Scenarios (50% Discounted Rate)

Scenario	Annual Vessel Calls	Discounted Port Dues per Call	Annual Port-Dues Revenue	Five-Year Gross Revenue
Baseline	22	US\$7,500	US\$165,000	US\$825,000
Low growth	30	US\$7,500	US\$225,000	US\$1.125 million
Moderate growth	44	US\$7,500	US\$330,000	US\$1.65 million
Higher growth	60	US\$7,500	US\$450,000	US\$2.25 million
Strong growth	100	US\$7,500	US\$750,000	US\$3.75 million

Source: Author's calculation, based on Gwadar Port Authority port dues (US\$15,000 per 50,000 GRT vessel call, Senate Standing Committee report, 17 May 2025) discounted 50% under the proposed five-year promotional scheme. “Moderate growth (44 calls/year) corresponds to the gross-revenue break-even volume derived in Section 3.4, at which discounted dues revenue returns to the pre-discount baseline.

The scenario range illustrates the asymmetry of the proposed discount: the baseline case caps Gwadar’s fiscal exposure at US\$825,000 over five years, while every scenario at or above the 44-call breakeven point turns the same discount into a net revenue gain relative to the pre-discount baseline — rising to a five-year gross of US\$3.75 million under the strong-growth case (100 calls/year). Even this upper scenario remains modest against the scale of established regional hubs: Chabahar already records 41 calls/year, while Colombo exceeds 4,300.

3.5 Digital Customs – Eliminating the Processing Delay

Gwadar's current customs procedures are largely paper-based and sequential, adding days to every vessel call. A national Port Community System (PCS) – connecting customs, port operators, shipping agents, and freight forwarders on a single digital platform – should enable pre-arrival cargo declaration and pre-clearance before vessels berth. The World Bank and UNCTAD identify PCS and Single Window platforms as critical determinants of port competitiveness. Gwadar and Karachi should be piloted together so that cargo diverted to Gwadar is processed faster, not slower, than at the port it left.

Table 4 – Proposed Gwadar Operational Targets by 2030, Benchmarked Against Karachi and Port Qasim

Operational Indicator	Karachi Port (current)	Port Qasim (current)	Gwadar (current)	Gwadar Target: 2030
Berth / terminal utilisation	52%	65%	5–10%	Sustained scheduled calls
Annual vessel calls (2025 baseline)	1,600	1,535	22	≥44 calls/year (breakeven; see §3.4)
Vessel turnaround time	5.5 days (avg.)	Comparable; congested on bulk berths	2–3 days	Under 12 hours
Customs clearance / dwell time	66 hrs (national WeBOC/PSW system)	66 hrs (same national system)	2–5 days	Same-day pre-clearance
Documentation	Digital (WeBOC/PSW); gate-out delays persist	Same national digital system	Mostly paper-based	100% digital, PCS-integrated
Berth waiting time	Frequent delays	Frequent delays	Frequent delays	Near zero
Cargo tracking	Partial / manual–digital mix	Partial / manual–digital mix	Partial and manual	Real-time, end-to-end

Source: Utilisation: Business Recorder, “Clean ports, strong economy: fight for transparency in maritime sector,” 2 April 2026. Vessel calls: Senate Standing Committee report, as reported in Profit by Pakistan Today, 17 May 2025 (same source as Table 2). Waiting time and customs dwell time: Olympic Agency, “Karachi Port vs Port Qasim: Pakistan Import Comparison,” 12 July 2026, citing trade-press reporting and WeBOC/PSW/Faceless Customs Assessment data (dwell time applies nationally, not port-specifically). Gwadar current-position and 2030 target indicators are author-defined policy targets informed by World Bank and UNCTAD port-performance frameworks; they should not be interpreted as World Bank or UNCTAD forecasts.

44 calls represent the estimated gross port-dues revenue break-even threshold under the 50,000-GRT vessel assumption; they should not be interpreted as a formal 2030 traffic forecast.

3.6 Dredging – A Permanent Operational Commitment

Maintaining Gwadar’s designed berth depth should become a permanent operational responsibility rather than an occasional capital project. Reliable dredging is essential to accommodate ultra-large container vessels and provide shipping lines with the confidence required for long-term scheduling decisions.

3.7 Security – The Binding Constraint on Investor Confidence

Security remains a fundamental determinant of Gwadar's commercial viability. Persistent attacks have increased insurance costs and undermined investor confidence, limiting the effectiveness of pricing incentives alone. Pakistan therefore requires a comprehensive security strategy that combines protection of cargo corridors with meaningful local economic inclusion and community engagement. A commercially successful port must be both operationally secure and locally supported.

4. PILLAR TWO – LOCKING IN ANCHOR SHIPPING LINES

Global transshipment traffic is concentrated among a small number of major liner operators, including MSC, Maersk, CMA CGM, Hapag-Lloyd, and COSCO. Without long-term commitments from these carriers, Gwadar will continue to benefit only from temporary crises rather than becoming a permanent transshipment hub. International experience shows that ports become hubs only when shipping lines have strong commercial incentives to serve them. Pakistan's priority, therefore, should be to create those incentives.

4.1 Negotiating Volume-Linked Hub Agreements

The government should negotiate long-term hub agreements directly with major carriers, offering dedicated berth access, guaranteed vessel turnaround windows, and investment opportunities in the Free Zone in exchange for minimum cargo-volume commitments and scheduled service frequency. These agreements should be structured to reward performance on both sides: carriers that meet agreed cargo-volume targets receive sustained fee concessions; carriers who fall short receive standard tariff rates. The agreements are not subsidies – they are commercial contracts with mutual obligations.

4.2 A Phased Feeder-Hub Strategy

Rather than competing immediately with Colombo, Jebel Ali, and Salalah for deep-sea mother-vessel traffic, Gwadar should initially position itself as a feeder and relay hub within the existing liner networks. Colombo followed a similar phased strategy, gradually integrating into global liner networks before attracting direct mother-vessel services.

4.3 A Dedicated Gwadar Transshipment Incentive Programme

The incentive programme should be structured around three linked components: temporary discounts on port dues tied to verified cargo-volume milestones; guaranteed berth windows that give liner operators scheduling certainty; and streamlined customs procedures that apply specifically to transshipment cargo rather than treating it identically to import and export cargo, which has different dwell-time and compliance requirements. The programme should be time-bound and transparent, with a published sunset clause that gives investors confidence in the policy rather than uncertainty about its durability.

5. PILLAR THREE – BUILDING THROUGHPUT THROUGH SYSTEMATIC BULK CARGO DIVERSION

The most immediately actionable lever for raising Gwadar's throughput is not new infrastructure – it is better use of capacity that already exists. Gwadar's bulk terminal, designed for roughly 11 million tonnes a year, remains severely underutilised; the most recently reported 34,000 tonnes of throughput represents less than one percent of its design capacity, while

Karachi and Port Qasim regularly face congestion on bulk and break-bulk cargo. Filling that capacity generates vessel calls, strengthens port revenues, employs the logistics workforce, and creates the operational scale that makes scheduled transshipment services viable.

A practical precedent already exists. In November 2025, the Prime Minister directed that a significant share of sugar imports be diverted from Port Qasim to Gwadar to ease congestion. The April 2026 reforms, which expanded transshipment arrangements to bulk and break-bulk cargo, now provide the regulatory foundation to extend this approach to additional commodities.

Table 5 — Bulk Commodity Diversion Strategy

Commodity	Current Pattern	Recommended Gwadar Role
Sugar	PM Office directive (Nov 2025) already targets 60% diversion from Port Qasim	Institutionalise as a standing quota — not a one-off crisis measure
Wheat & grains	Newly eligible for transshipment under the April 2026 reform; major volumes historically at Karachi	Route strategic-reserve and overflow imports through Gwadar's idle bulk terminal
Fertiliser	Imported mainly via Port Qasim; periodic emergency imports during shortage periods	Use Gwadar for emergency and overflow cargo during Hormuz-related Qasim delays
Cement & clinker	Port Qasim congestion reported alongside 2025 sugar bottleneck	Direct export-bound cement from Lasbela/Hub-belt plants to Gwadar, the nearer port
Coal	Supreme Court ruling moved coal to dedicated Port Qasim terminals; now transshipment-eligible	Route new coal demand for Balochistan industrial zones via Gwadar
Copper concentrate	Contracted to Port Qasim's bulk terminal for Reko Diq exports	Shift to Gwadar once Chagai-Gwadar rail link is operational (see Section 7)

Source: PM Office and Ministry of Maritime Affairs directives (2025–2026); FBR transshipment notifications; Reko Diq Mining Company statements.

Two sequencing principles should guide implementation. First, bulk cargo diversion must be accompanied by logistics reforms, including competitive pricing, digital customs, and adequate dredging, to avoid simply shifting congestion from Karachi to Gwadar. Second, implementation should begin with commodities such as sugar and grains that require no additional rail infrastructure before expanding to mineral exports once the Chagai-Gwadar railway becomes operational.

Bulk cargo diversion can rapidly increase port throughput. However, long-term transshipment competitiveness also requires a stable stream of export-oriented cargo generated within Gwadar and its surrounding economy. The next two pillars focus on building that sustainable cargo base.

6. PILLAR FOUR — AN INCLUSIVE BLUE ECONOMY AROUND GWADAR'S FISHING SECTOR

Approximately 80 percent of Gwadar's population depends on fishing for its livelihood, making the sector central to both the local economy and the long-term success of the port. Integrating fishing communities into Gwadar's development is therefore not only a social imperative but also a commercial necessity for building local support and generating sustainable export cargo.

A transshipment hub ultimately depends on sustained cargo generation. Beyond improving port efficiency, Gwadar must develop export-oriented industries capable of creating regular container traffic. Fisheries represent one of the most immediate opportunities to achieve this objective.

Table 6 – Gwadar Fisheries: Current Position and Potential

Indicator	Figure
Share of Gwadar population dependent on fishing	80%
National seafood exports, H1 FY2025-26	\$253.24 million (122,629 MT) – +22% year-on-year
Balochistan annual catch potential (with processing infrastructure)	300,000 tonnes → \$645 million in exports
Gwadar South Free Zone cold-storage capacity (existing)	2,000 tonnes
National seafood export potential with policy reform	\$2–3 billion annually (various estimates)

Source: Federal Ministry of Maritime Affairs; Marine Fisheries Department; Business Recorder and Daily Pakistan analysis, 2025–2026.

Despite its considerable potential, much of Balochistan’s seafood is exported in raw form to neighbouring countries for processing and re-export, limiting Pakistan’s ability to capture value addition. Expanding processing, cold-storage, certification and packaging facilities in Gwadar would allow higher-value seafood exports while strengthening the port’s containerised cargo base. Existing investments in the South Free Zone and the National Fisheries and Aquaculture Policy already provide a foundation for this transition.

Blue economy initiatives should be implemented through cooperative models that integrate local fishing communities into processing, value addition, and export activities. Such an approach strengthens social legitimacy while expanding Gwadar’s long-term cargo base. The fisheries sector is strategically important because processed seafood exports generate stable containerised cargo through Gwadar—the type of sustained export volume that attracts scheduled liner services. In this context, local economic inclusion and long-term cargo generation reinforce one another rather than competing policy objectives.

7. PILLAR FIVE – ANCHORING BALOCHISTAN'S MINERAL WEALTH TO GWADAR

While fisheries can generate containerized exports in the short to medium term, Baluchistan’s mineral resources offer Gwadar the long-term anchor cargo needed to support regular liner services and sustained port utilisation.

Balochistan’s mineral resources, recently estimated at approximately US\$8 trillion in value, represent the largest long-term cargo opportunity available to Gwadar. However, the current export logistics system routes most of these resources through Port Qasim rather than Gwadar. Reko Diq, in the Chagai district, is among the world’s largest undeveloped copper-gold deposits. Under a revised ownership structure with Barrick Mining holding 50 percent and Pakistani federal and provincial entities the remainder, the project targets first production around 2028, with Phase 1 exports estimated at roughly US\$2.7 billion annually, potentially doubling after a planned expansion. The Pakistan International Bulk Terminal at Port Qasim has

already been contracted as the export terminal for this cargo. The Saindak copper-gold mine and the newly awarded Siah Dik copper project add further volumes to the same Port Qasim corridor.

Table 7 – Balochistan's Mineral Pipeline and Its Link to Gwadar

Project	Mineral	Status / Current Export Plan	Link to Gwadar
Reko Diq	Copper, gold	First production ~2028; Phase 1 exports ~\$2.7bn/yr	Currently contracted to Port Qasim; rail link to Gwadar in development
Saindak	Copper, gold	Long-running operation under China Metallurgical Group	Currently routed via existing road/Qasim logistics
Siah Dik	Copper	New project awarded to China Metallurgical Group	Potential future Gwadar-linked cargo
Chagai-Gwadar Rail Link	Mineral logistics corridor	Feasibility complete; financing under discussion with Gulf states; phased construction reportedly starting 2026	Purpose-built to move Chagai mineral concentrate directly to Gwadar
Gwadar Copper Smelter (planned)	Refined copper	Proposed 50,000–80,000 tonne annual processing capacity	Would allow Pakistan to export refined copper from Gwadar rather than raw concentrate from Qasim

Source: Reko Diq Mining Company; Barrick Mining Corporation; PIBT statements; Asia Times, MINING.com, and Pakistani government reporting, 2025–2026. Figures are indicative.

The strategic case for rerouting mineral exports through Gwadar is compelling. Chagai is substantially closer to Gwadar than Karachi, and the proposed Chagai-Gwadar railway is intended to capitalise on this advantage. A future copper smelter would further increase domestic value addition by enabling exports of refined copper instead of raw concentrate.

A government decision to designate Gwadar as the primary mineral export gateway—not a residual one—once the rail link is operational would simultaneously give the port a multi-decade anchor cargo and create the visible local industrial employment that Balochistan's communities have long argued CPEC has failed to deliver.

The principal challenge remains financing the Chagai-Gwadar railway. Exploring blended finance, Partial risk guarantees, and commercially viable financing mechanisms will be essential to advance the project while remaining consistent with Pakistan's IMF commitments. Successfully delivering this corridor would not only transform Gwadar into Pakistan's principal mineral export gateway but also provide the sustained cargo volumes required to support regular liner services and long-term port competitiveness.

8. RISKS AND CONSTRAINTS

An honest policy assessment requires naming what could go wrong, rather than only what could go right.

- Security remains the principal constraint to investor confidence and requires both effective protection and stronger local stakeholder engagement.
- Timely financing of the Chagai-Gwadar railway remains essential for the mineral export strategy.
- Port infrastructure and scheduled liner connectivity must improve before Gwadar can compete with established regional hubs.
- The current surge provides only a temporary opportunity unless structural competitiveness improves.
- Future investment decisions should be based on independent assessments of the durability of recent cargo growth.

9. POLICY RECOMMENDATIONS – SEQUENCED AND ACTIONABLE

The following nine actions, taken together and in the sequence indicated, give Gwadar the best chance of converting the current surge into lasting transshipment status.

1. Establish a Gwadar Transshipment Authority (GTA)

Create a dedicated autonomous institution to coordinate customs, port operations, maritime security, investment promotion, and shipping-line engagement through a single-window mechanism. Bureaucratic fragmentation is currently one of the main reasons carriers find Gwadar difficult to deal with.

2. Commission an Independent Pricing Benchmark and Implement a Five-Year Fee Discount

Benchmark Gwadar port dues and cargo-handling fees against Colombo, Jebel Ali, Salalah, and Sohar, then implement a time-bound ~50 percent promotional discount on Gwadar charges, financed as a market-entry investment rather than a permanent subsidy.

3. Negotiate Long-Term Hub Agreements with Major Liner Operators

Target MSC, Maersk, CMA CGM, Hapag-Lloyd, and COSCO for volume-linked hub agreements offering dedicated berth access, scheduling guarantees, and Free Zone investment opportunities in exchange for minimum cargo commitments.

4. Deploy a National Port Community System, Piloted at Gwadar

Connect customs, port authorities, shipping agents, and freight forwarders on a single digital platform enabling pre-arrival declaration and pre-clearance. The PCS should link Gwadar and Karachi simultaneously so diverted cargo faces shorter, not longer, processing times than at its origin port.

5. Make Dredging a Permanent Operational Budget Line

Treat dredging as a fixed operational cost of running a competitive port, not a discretionary capital project. Consistent berth depth adequate for ultra-large vessels is a non-negotiable prerequisite for any scheduled liner commitment.

6. Institutionalise Bulk Cargo Diversion with Standing Published Quotas

Convert the November 2025 sugar directive into a permanent, published quota policy covering sugar, wheat, fertiliser overflow, and cement/clinker, with Gwadar fee discounts built in rather than negotiated case by case.

7. Designate Gwadar the Primary Mineral Export Gateway and Resolve Rail Financing

Issue a formal government decision designating Gwadar as the primary, not residual, mineral export gateway once the Chagai-Gwadar rail link is operational. Resolve the Chagai-Gwadar financing structure as a matter of priority, exploring blended finance and partial risk guarantee instruments to work within IMF programme constraints.

8. Anchor the Blue Economy in Fishing Cooperatives, Not Corporate Displacement

Channel cold-storage, processing, and certification investment through cooperative and anchor-tenant structures that give Gwadar's existing fishing communities equity stakes and processing contracts. This is both a social-licence requirement and a cargo-generation strategy.

9. Commission an Independent Durability Assessment Before Major Capital Commitments

Commission an independent assessment of how much of the 2026 transshipment surge is durable versus temporary geopolitically driven cargo diversions before using current numbers to justify long-term capital commitments. The test of policy success is not volume during the crisis – it is volume after it ends.

10. CONCLUSION – THE WINDOW WILL NOT STAY OPEN

Gwadar's opportunity in 2026 is real, but its window is narrow, and it faces intense competition from regional ports. The Hormuz crisis has given Pakistan's entire port system a rare second look from international carriers. But the same crisis has also exposed how much remains unfinished: a bulk terminal sitting at less than one percent of capacity, a stalled mineral rail link, an underdeveloped fishing-processing chain, and a Karachi-Qasim system operating near its own limits.

The five pillars presented in this Policy View are mutually reinforcing. Commercial competitiveness, anchor shipping lines, bulk cargo diversion, an inclusive blue economy, and mineral exports together strengthen Gwadar's cargo base, investor confidence, and long-term viability. Pursuing these reforms in isolation would produce only temporary gains.

The question for Pakistani policymakers is not whether Gwadar has potential. Everyone agrees it does. The question is whether this crisis-driven window is used to build durable commercial competitiveness, or whether the country simply records another temporary surge once regional shipping patterns return to normal and shipping lines return to the ports they actually trust. The answer to that question will not be found in geographic arguments or geopolitical

declarations. It will be found in vessel turnaround times, digital customs clearance rates, signed hub agreements, and the number of scheduled liner services calling on a regular basis once the crisis has passed. Those are the metrics by which Gwadar's policy ambition should be judged – and they are achievable, if Pakistan acts quickly enough.

SOURCES AND REFERENCES

1. Profit by Pakistan Today, "Gwadar sees transshipment surge as Strait of Hormuz disruptions shift cargo routes," 3 April 2026.
2. Express Tribune, "Gwadar also enters transshipment arena," 3 April 2026.
3. Money Matters Pakistan, "Karachi Port Eyes Permanent Hub Status Amid 1,400% Cargo Surge," 11 April 2026.
4. Arab News, "Pakistan minister orders measures to ease port congestion, speed up sugar and cement handling," 8 November 2025.
5. Express Tribune, "Sugar cargo delay causes port congestion," 9 November 2025.
6. Business Recorder, "Govt moves to ease Port Qasim congestion with new unloading, berthing measures," 8 November 2025.
7. World Bank, "Pakistan Karachi Ports Supply and Demand Assessment," Report 165811.
8. The Friday Times, "From Karachi's Docks, Pakistan's Port Boom Looks Less Like an Opportunity and More Like a Missed Chance," 27 May 2026.
9. Asia Times, "Gwadar's moment has finally arrived for Pakistan," 12 May 2026.
10. Eurasia Review, "Pakistan: Gwadar's Moment Has Arrived," 1 May 2026.
11. TechJuice, "Pakistan's Seafood Exports Record 22% Growth, Hits \$253 Million in H1 FY26," 16 January 2026.
12. Business Recorder, "Pakistan's blue economy: seafood exports can hit \$2bn with right policies," 3 September 2025.
13. MENAFN, "Dark Side of Pakistan's Gwadar Aquaculture Plans: How Fishermen and Locals Are Losing Out," 2 January 2026.
14. Arab News PK, "Chinese, Pakistani firms join Barrick in mining push as Reko Diq exports near," 6 February 2026.
15. MINING.com, "Balochistan and the new international chessboard of critical minerals," 2 February 2026.
16. ProPakistani, "Pakistan Seeks \$2 Billion Investment from Gulf Countries for Chagai-Gwadar Railway Track," 12 March 2025.
17. Reko Diq Mining Company, press release on IFC/IDA project financing, 17 June 2025.
18. World Bank (2023). Port Community Systems: Lessons from Global Experience.
19. UNCTAD (2025). Port Performance and Maritime Trade Facilitation.
20. Kavirathna, C. (2018). Transshipment Hub Port Selection Criteria by Shipping Lines. Maritime Business Review.
21. Port Economics, Management and Policy (2019). World's Main Intermediate Hubs and Markets.
22. Malchow, M. and Kanafani, A. (2004). A disaggregate analysis of port selection. Transportation Research Part E.
23. Nir, A., Lin, K. and Liang, G. (2003). Port choice behaviour – from the perspective of container carriers. Maritime Policy & Management.
24. Tiwari, P., Itoh, H. and Doi, M. (2003). Shippers' port and carrier selection behaviour in China: a discrete choice analysis. Maritime Economics & Logistics, 5(1), 23–39.
25. Senate Standing Committee on Planning, Development and Special Initiatives, Government of Pakistan, as reported in Profit by Pakistan Today, "Pakistan's port charges highest in region, weighing down Gwadar's growth: report," 17 May 2025.

26. Dawn, "China to get 91pc Gwadar income, minister tells Senate."
27. Asia Times, "Bad terms: Pakistan's raw deal with China over Gwadar port," 2017.
28. Business Recorder, "KPT handles 55.44mt of cargo in FY26," 1 August 2026.
29. The Express Tribune, "Port Qasim cargo rises 8.2% despite fewer ships," 1 April 2026.
30. Business Recorder, "Revitalising Gwadar port before establishing new ports," 2026.
Business Recorder, "Clean ports, strong economy: fight for transparency in maritime sector," 2 April 2026.
31. Olympic Agency, "Karachi Port vs Port Qasim: Pakistan Import Comparison," 12 July 2026.
33. Karachi Port Trust, official port statistics (kpt.gov.pk).
34. Port Qasim Authority, official website (pqa.gov.pk).



Follow us



PIDEpk



PIDE Islamabad



PIDE Official

Visit our Website

pide.org.pk