Zardari's visit strengthens Pakistan-China relations

Vilani Peiris
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Pakistan President Asif Ali Zardari's five-day visit to China, starting July 6, sought to strengthen economic and strategic relations between two countries. Zardari met Chinese President Hu Jintao and Premier Wen Jiabao and a number of other important political and business leaders. This is Zardari's fifth visit to China, including two official visits since he was elected as the country's president in 2008.

Besieged by deep economic and political crisis and continued tensions with India, Islamabad considers China as an important ally. Likewise, in the context of growing international power rivalry, including with the US and India, Beijing is seeking to consolidate its relations with Islamabad.

Hu stated, "China is a friend and a strategic partner committed to the promotion of stability and economic progress of Pakistan."

Media reports indicated that Zardari discussed a broad range of regional and international issues with Chinese leaders. Several investment and trade agreements beneficial to Pakistan were signed during Zardari's visit. However, there was no mention whether Zardari and Chinese leaders discussed plans for China to build two new nuclear reactors in energy-hungry Pakistan. This initiative has drawn concern among major powers, particularly the US and India.

During the last few years, trade between two countries has grown considerably. The $2 billion trade in 2002 between both countries had grown to $7 billion last year. According to Pakistan's ambassador to China, Masood Khan, approximately 120 Chinese enterprises work in Pakistan. China has invested in Pakistani telecommunications, energy, infrastructure, heavy engineering, IT, mining, and defence industries.

New agreements signed include building hydroelectric dams, transfer of hybrid seed technology, expanding banking operations, roads and communication networks, and cooperation in agriculture focusing on optimum utilization of irrigation water and development of new high yielding varieties of wheat and cotton. China also promised to provide 50 million Yuan ($US 7.4 million) as a grant to Pakistan for new projects.

It was also agreed to convene a meeting of the Pak-China Joint Economic Forum in Islamabad, with Chinese Commerce minister Chen Deming leading Beijing's delegation. The Forum will discuss currency swaps, opening Chinese bank branches in Pakistan, and relocating factories to special industrial zones in Pakistan.

China is also funding the construction of Gwadar Port in Balochistan province. This is part of a strategic initiative to build naval positions dubbed the "string of pearls" by US analysts—a series of port installations on Indian Ocean sea lanes from Hong Kong to the Port of Sudan. As well as in Pakistan, Beijing is helping finance construction of port facilities in Myanmar (Burma), Bangladesh, and Sri Lanka.

The upgrading of Karakoram Highway, which connects China and Pakistan through the Khunjerab Pass and the progress of the National Trade Corridor (NTC) was also discussed. Under the NTC, a network of 4,000 km modern highways, including the Karakoram Highway and linkages with Gwadar Port, will be established to strengthen the transport links, especially with Central Asian States and China.

The aim is to exploit Pakistan's geo-strategic location to serve as a hub in a new trade route between the Middle East, Central Asia, South Asia, and China.

Plans like the Gwadar port and the NTC have a broad global significance, as Beijing sees this region as crucial to emerging as a world power and countering the United States. Central Asia and the Indian Ocean are critical transit regions for Chinese energy supplies and the export of Chinese manufactures. As such, the attempt to increase Chinese diplomatic and military influence in the region is critical to resisting political pressure from the US, who for the time being still is the region's pre-eminent military power.

Such plans also heighten tensions with India. China, which plans to have a rail link through the strategic Karakoram ranges, has discussed another agreement to build two

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highways in the disputed Gilgit-Baltistan region in Pakistan-occupied Kashmir, close to the Chinese border. India has already expressed its concerns over the proposed rail link. The *Economic Times* reported on July 9 External Affairs Minister S M Krishna said in New Delhi that “we are closely watching what is happening.”

For Pakistan, however, cooperation with China, its historic ally in the region, holds out the prospect of major economic benefits.

The China National Energy Administration aims to work with Pakistani authorities to develop Pakistan's energy supply. Pakistan's severe economic crisis has been intensified by its massive electricity power shortage of 4,000-5,000 MW over its capacity of 16,500 MW. This has crippled the industrial sector, which is incapable of providing sufficient electricity for production, notably in the textile industry. This has caused rolling blackouts, affecting both businesses and private homes which intensify suffering during the hot summer months.

Power cuts of 8 -12 hours a day have become the norm, with a rising number of unannounced cuts. Public anger often leads to protests throughout the country, blocking main roads and burning tyres. At these protests, clashes with the police are increasingly frequent.

A major cause for US and Indian concern was China's statement, on the eve of Zardari’s visit, that it will proceed with the installation of two new 650-megawatt nuclear reactors in the Punjab province of Pakistan. It was not reported to the media in recent visit of Zardari whether it was discussed. The opposition by the US, India and the Nuclear Suppliers Group (NSG) is the main reason for the low profile.

The project is controversial because Pakistan has developed nuclear weapons and has refused to sign the Nuclear Non-Proliferation Treaty (NPT). The 46-nation Nuclear Suppliers Group, which includes China, is barred from providing nuclear technology or fuel to any country that has not signed the NPT.

But China is ignoring the objections. On the eve of the visit, Wang Baodong, spokesperson of the Chinese Embassy in the US, told the media that the project “goes along well with the international obligations China and Pakistan carry in relation to the international nuclear non-proliferation regime."

State Department spokesman P. J. Crowley said on July 13 that the US is “seeking clarification from China on its deal earlier this year to build two new civilian nuclear reactors for Pakistan” reported *Reuters.* He further said “We believe that such cooperation would require a specific exemption approved by consensus of the Nuclear Suppliers Group.”

On July 17, the day before US Secretary of State Hillary Clinton’s visit to Islamabad, the *Wall Street Journal* wrote that she would raise "the expected nuclear sale with Pakistani officials, a deal that US officials fear could undermine the Obama administration’s broader non-proliferation campaign."

This is hypocritical, to say the least. Washington's nuclear accord with India was signed although India has not a signatory to NPT, and the US extracted a waiver from the NSG to sign the accord with India. However, when Pakistan asked for a similar deal from the US in 2005, Washington refused.

Zardari told the Pak-China Economic Forum that “Pak-China friendship [is] an important feature for peace and stability in the region." Zardari told *The News*: “[W]hen India was going with civil nuclear deal with USA we did not oppose it, so we did not mind that our friends have influence on other friends.”

An American expert on Pakistan-China relations, Andrew Small, told the US think-tank Council on Foreign Relations that Beijing thinks it can negotiate the deal because of the US stand off with Iran. He said, “The Chinese also believe that Washington needs Beijing’s support on issues such as Iran at the moment and will be unwilling to mount serious resistance to the deal.”

China is arguing the present deal is an extension of the general agreement concluded long before 2004, when China joined NSG —and that the deal therefore does not fall under NSG rules. Zhai Dequan, deputy secretary-general of the China Arms Control and Disarmament Association, told *The Hindu* in an interview: “In the NSG, this was a deal in principle a long time back, and with the United States example as a predecessor, it may be another case of exception.”

In a brief article on July 19, the Chinese wire service Xinhua accused the US and other countries opposing Sino-Pakistani nuclear collaboration of “double standards in nuke [nuclear] cooperation.” Nonetheless, the article claimed that the Sino-Pakistani “strategic cooperative endeavour is not intended at targeting any third party.”

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