

# Washington threatens Pakistan over proposed gas pipeline with Iran

Ali Ismail  
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In the face of mounting pressure and threats from the Obama administration, Islamabad is insisting that it will complete a long-delayed project to build a pipeline to import natural gas from Iran.

Speaking Monday, Pakistan Foreign Minister Hina Rabbani Khar said that Islamabad must pursue all available means to address the country's chronic and ever-worsening energy crisis. In addition to brushing aside a threat from US Secretary of State Hillary Clinton of reprisals if Islamabad did not drop the pipeline project, Khar warned that a military attack on Iran, Pakistan's eastern neighbor, would have "disastrous consequences" for the entire region.

In testimony before a US House committee February 29, Clinton warned that if Pakistan proceeds with the pipeline project, it will be subject to the punitive measures of the Iran Sanctions Act, which empowers the US government to impose economic sanctions on any foreign (non-US) company which invests more than \$20 million in Iran's energy sector. "We have been very clear in pointing out the consequences of building this pipeline," said Clinton. She underlined the seriousness of the US sanction threat by pointing to the precarious state of the Pakistani economy. "[This] would be particularly damaging to Pakistan because their economy is already quite shaky," said Clinton. "This additional pressure ... would further undermine their economic status."

Clinton's threat drew a swift response from Pakistan. Speaking the very next day, Foreign Minister Khar said that projects with Iran were in Pakistan's "national interest" and would be completed regardless of any external pressures. Prime Minister Yousaf Raza Gilani also responded to Clinton's provocative statements, telling a television interviewer last week, "We are a sovereign country and we will do whatever is in the interest of Pakistan."

Both Washington and Islamabad have been working hard

to mend relations, which spiraled into crisis following a NATO airstrike last November on a Pakistani border post that killed two dozen Pakistani soldiers and provoked mass protests. The fact that Clinton chose to make such remarks at a time when Pakistan's government and military are on the verge of restoring full and open collaboration with Washington in the Afghan war—in defiance of the will of the Pakistani people—underscores US imperialism's determination to strangle the Iranian economy.

Over the past year, the Obama administration has intensified its efforts to isolate and destabilize Iran as part of its drive to replace the regime in Tehran with one more sympathetic to Western imperialist interests. On Sunday, President Obama explicitly threatened military action against Iran, repeating unsubstantiated claims about Iran's nuclear ambitions and declaring that he would "not hesitate to use force" against the oil-rich country to prevent it from acquiring nuclear weapons.

The \$7.6 billion Iran-Pakistan gas pipeline deal was signed by the two countries in June 2010 after more than a decade of negotiations. According to the deal's terms, Iran is to export 21.5 million cubic meters per day of desperately needed natural gas to Pakistan by the end of 2014. The pipeline will be 56 inches in diameter and will cover a distance of nearly 2,000 kilometers starting from Iran's South Pars gas field.

The project is being implemented in segments, with each country responsible for the pipeline's construction in their respective territories. Iran has already completed a 900-km portion of the pipeline from Assaluyeh to Iranshahr. The remaining 200 kilometers up to the Iran-Pakistan border is under design, and is expected to be completed in two years. Pakistan is expected to complete its construction of the pipeline by the end of 2014. On Monday, the German company ILF Consulting Engineering confirmed it has landed a \$250 million consulting contract for the Pakistani

section of the pipeline.

Pakistan must start gas flows by 2014 or face penalties amounting to \$8 million per day under a sovereign-guarantee agreement related to the pipeline project. Last week, Iran agreed to provide \$250 million to help Pakistan build its portion of the pipeline after Pakistani institutions refused to provide funds for the project due to the strict US sanctions imposed on Iran earlier this year. These sanctions threaten firms that do business with Iran with being frozen out of the Western-dominated world financial system. In explaining its refusal, the Pakistan government-owned Oil and Gas Development Co Ltd (OGDCL) expressed fear that funding an Iranian project could lead to the withdrawal of foreign shareholders.

The Obama administration is urging Pakistan to opt for an alternative pipeline with Turkmenistan, Afghanistan, and India—which would advance Washington’s longstanding strategic aim of diverting Central Asian oil and gas flows away from Russia. But the decade-long US-NATO occupation has failed to pacify Afghanistan, making building such a pipeline impossible. Moreover, Islamabad insists that imported natural gas from Iran would provide the cheapest and most suitable fuel for power generation.

The US has till now mounted a successful decade-long drive to sabotage the Iran-Pakistan pipeline project. Initially, Washington focused its efforts on getting India not to participate, making this part of the price for the Indo-US civilian nuclear accord—the centerpiece of the Indo-US “global strategic partnership.”

When the pipeline was first mooted, it had been promoted as a means of underpinning the Indo-Pakistani peace process, since it would have given both countries a major economic incentive to ratchet down tensions. But for Washington sabotaging Iran’s economy was a much more important geo-political objective.

After India backed out of the pipeline project in 2009, Islamabad asked Beijing to join. The Chinese portion of the pipeline would be built alongside the Karakoram Highway, which connects Pakistan’s northern region of Gilgit Baltistan with western China. Beijing has yet to decide whether it will join the pipeline project, but such a pipeline would provide it an opportunity to reduce the amount of energy it imports via the Malacca Strait, which is vulnerable to US naval power.

No doubt this prospect has only strengthened

Washington’s resolve to thwart the Pakistani-Iranian pipeline.

Pakistan’s determination to continue with the pipeline project stems from its desperate need for foreign energy. Pakistan has been plagued by a deepening energy crisis in recent years that has crippled industry and made life increasingly unbearable for the masses.

Last month, unplanned power outages lasting up to 10 hours forced businesses to shut down across much of the country. The frequent power-outages have led factory owners in Karachi and other industrial centers to halt production and lay off hundreds of thousands of workers. Powers cuts have provoked spontaneous protests in every province over the past year, to which the Pakistani police have repeatedly responded with deadly force.

The economic arguments for the pipeline are unassailable, but the Pakistani elite once again finds itself coming under intense US pressure to sacrifice what it perceives as its vital interests to American imperialism’s aggressive agenda in Central Asia and the Middle East. Over the past decade, Pakistan has waged a brutal counterinsurgency war against Taliban-aligned militants at Washington’s behest. While the war has had a devastating impact on the lives of ordinary Pakistanis, the US has been relentless in pressuring Pakistan to assume more of the burden of the neo-colonial Afghan war.

Clinton’s remarks concerning the vulnerability of the Pakistani economy will not be taken lightly in Islamabad. The US has repeatedly demonstrated its willingness to exploit Pakistan’s deteriorating economic situation in order to bully it into compliance with Washington’s agenda, including by refusing to assist Pakistan in securing a new loan from the IMF and confining its flood-relief to a pittance. Double-digit inflation, rising unemployment, and stark social inequality have led to repeated warnings from Pakistani politicians and newspaper commentators of an impending social upheaval.



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