

# Pakistan begins construction of Pakistan-Iran gas pipeline

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Amid US threats to impose sanctions on his country, Pakistani President Asif Ali Zardari joined Iranian President Mahmoud Ahmadinejad in a ceremony breaking ground on construction of the Pakistani portion of a planned Iran-Pakistan pipeline on Monday.

With national elections due in May, Zardari and his ruling Pakistan Peoples' Party (PPP) will seek to gain electoral advantage by using the pipeline to posture as being independent from Washington. Iran sees the project as a way to counter the crippling economic sanctions the US has imposed on it, based on unsubstantiated allegations that Iran is developing nuclear weapons.

Pakistan faces a shortfall of 2 billion cubic of natural gas feet per day and a serious energy crisis, which has seen mass electricity riots in Lahore and other cities. Pakistan is in the dark for up to six hours a day—resulting in the loss of export revenue, the closure of tens of thousands of factories, and the loss of millions of jobs.

The reactivation of the much-delayed US\$7.5 billion gas pipeline project was agreed when Zardari visited Iran in late February. Iran has almost finished its 900-kilometre portion of the pipeline. Pakistan now has to lay around 750 kilometres of pipeline. If completed, the pipeline could transport over 21.5 million cubic metres daily from Iran's South Pars gas field.

Iran will provide \$500 million of the \$1.5 billion cost of building the pipeline inside Pakistan, which has to come up with the rest of the funds.

At the ceremony held in Iranian border city of Chabahar, the Pakistani president declared the project was “very important” and stated it was not against any other country, the *Dawn* reported. His remarks seemed to be a signal to allay US concerns.

In an apparent jab at Washington, Ahmadinejad

declared that the “gas pipeline is a sign of show of resistance against domination.”

On Monday US State Department spokeswoman Victoria Nuland threatened that “if this project actually goes forward, that the Iran Sanctions Act would be triggered.” However, she expressed doubts about whether it would actually materialize: “We've heard this pipeline announced about 10 or 15 times before in the past.”

The BBC wrote that Washington sees “a good measure of domestic Pakistan politics in all of this—elections are looming—and it may be for a future government in Islamabad to face the moment of truth: either to risk US sanctions by switching the gas on or to risk domestic criticism by being seen to cave in to US pressure.”

There are some indications that Washington believes it can more effectively torpedo the project by helping Pakistan find other sources of gas. To quash plans of an Iran-Pakistan pipeline, Washington has repeatedly proposed an alternative pipeline from Turkmenistan through Afghanistan. This has proved impossible due to the fighting in Afghanistan.

On Wednesday, however, Qatar announced that it would agree to supply Pakistan with natural gas at a low price of \$18 per million British thermal units (mmbtu).

US imperialism has repeatedly bullied countries in the region to block the Iran pipeline project, which the US sees as an obstacle to its plans to isolate Iran and dominate Central Asia. Initially dubbed the “peace pipeline,” the project aimed to carry gas from Iran to Pakistan and through Pakistan to India, thus reducing the explosive tensions between Pakistan and India. Discussion of the project began in 1994, but India withdrew from it under US pressure in 2009, a year

after Washington signed a nuclear pact with New Delhi.

As pipeline work started, Zardari said, “Nobody has the power to halt this project,” adding: “Pakistan is a sovereign and independent country that is acting in its national interests by going ahead with the pipeline.”

In fact, in the run-up to the May elections, the PPP is desperate to cover up its deeply unpopular role as one of the main client regimes of the US “war on terror.” Mass opposition is directed not only at the US but also at the PPP for its backing for the NATO occupation of Afghanistan and the resulting bloodshed in both Afghanistan and Pakistan.

Islamabad has sanctioned CIA drone attacks in Afghanistan-Pakistan border areas aimed at the Taliban and other anti-occupation fighters, killing thousands. The Pakistani military has carried out operations in Pakistan’s western tribal areas under US pressure, displacing millions of people and creating a desperate internal refugee crisis in Pakistan.

US drone strikes in Pakistan have also provoked sharp opposition. When 24 Pakistani border guards were killed in a NATO attack in 2011, Zardari closed down US supply routes into Afghanistan in an attempt to calm public fury, promptly re-opening them a few months later. This was the result of US pressure, and of Islamabad’s financial dependence on US and International Monetary Fund (IMF) loans.

Zardari is also trying to show he is serious to address the country’s energy problems, which have provoked both mass anger and criticisms from big business. Mentioning violent protests over power cuts, *The News* wrote: “Pakistan needs to enter into a serious diplomatic discourse with the US to try to convince it of how important” Iran’s gas is for Pakistan.

However, the Pakistani ruling elite above all fears US sanctions. On Monday the Karachi Stock Exchange’s benchmark 100-share index ended 2.46 percent, or 441.62 points, lower.

Pakistan is mired in deep economic crisis from the impact of global economic meltdown centred in the US and Europe. The rupee has already declined 0.8 percent against the US dollar this year after declining by 7.6 percent in 2012. Pakistan’s economic growth rate is predicted to fall to 3.5 percent for this fiscal year, and then to 3 percent next year. Currently Pakistan only has enough foreign exchange reserves to pay for two

months of imports.

Pakistan has approached the (IMF) to obtain another loan, for \$5 billion. If Washington decides to twist Islamabad’s arm to halt the gas pipeline, it will seek to use its influence at the IMF to block the loan.

The US has other concerns on Pakistan, as well. The Obama administration did not publicly express concern over Pakistan’s transfer of operational control of the deep-sea port at Gwadar to China. However, Washington has in the past noted that the port was part of China’s “string of pearls” plan to increase its influence in the Indian Ocean.

Iran also recently agreed to build a \$4 billion oil refinery at the Gwadar port with a capacity of 400,000 barrels per day—making it Pakistan’s largest. Islamabad’s deals with China and Iran will be carefully followed in Washington, which is hostile to Beijing and Tehran, and is carrying out a so-called “pivot to Asia” to contain China.



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