

China invests \$46 billion in strategic Pakistan-China Economic Corridor

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On April 20, Chinese President Xi Jinping visited Pakistan with investors, bankers and businessmen to launch the Pakistan-China Economic Corridor project. This project would allow China to transport energy resources such as petroleum from Middle Eastern countries to China via a land route through Pakistan.

The deal is particularly significant amid the escalating military tensions unleashed by the Obama administration's "Pivot to Asia," designed to isolate and contain China. It would allow China to largely circumvent the threat of a blockade of Chinese energy imports from the Middle East by US and allied navies. China, the world's biggest oil importer, imports 60 percent of its oil from the Middle East and transports 80 percent of that through the Indian Ocean, the Strait of Malacca, and the South and East China Seas.

China signed 51 Memorandums of Understanding with Pakistan worth \$46 billion as part of this project. These are to be financed by Chinese banks such as the Industrial and Commercial Bank of China Limited, Exim Bank of China, and China Development Bank Corporation.

As Pakistan's biggest arms supplier, China is also supplying eight diesel-powered Yuan class attack submarines of Type 039A or Type 041 to Pakistan. Prime Minister Nawaz Sharif and the Pakistan National Security Committee have approved the deal, part of a broader effort to modernize Pakistan's submarine fleet and give it nuclear-missile capability.

The corridor project consists of oil storage facilities at the Pakistani port of Gwadar and a 3,000 km network of pipelines, railways, and motorways from Gwadar, through Pakistan, and directly across the mountainous Pakistani-Chinese border to Kashgar in western China. It also entails technical cooperation on air transport, rail infrastructure, wind and hydro power, and fiber optic

communications.

Gwadar is strategically located on the Arabian Sea coast of Baluchistan, one of Pakistan's poorest and most volatile provinces, near the oil-rich Persian Gulf region and the Strait of Hormuz. Oil exports from the Persian Gulf, amounting to approximately forty percent of the world's internationally traded oil, must pass through the Strait of Hormuz. Under the terms of the deal, Gwadar port has been handed over to China for 40 years starting this year, as the Chinese Harbor Engineering Company begins construction work.

Kashgar is one of the major cities in the Xinjiang Uyghur region of northwestern China. The inland area is also much poorer than the bustling export centers of China's Pacific coast and faces rising ethnic tensions between Uyghurs and Han Chinese, who make up the majority of China's population. The Chinese government has repeatedly stated that it views economic growth in Xinjiang as a political priority.

The proposed economic corridor would thus open up new trade routes that cut 16,000 kilometers from the distance traveled by goods traded between China and the Middle East.

The deal also points, however, to contradictions at the heart of global capitalism: attempts to economically develop Central Asia escalate the military tensions between the imperialist and regional powers. Though billions of people living in these underdeveloped areas still endure stark poverty and social backwardness, they already face the threat of conflict between nuclear-armed powers including Pakistan, India and China, not to mention the United States.

These tensions are driven above all by American imperialism's aggressive "pivot to Asia" to encircle China with an alliance including India, Japan, Australia, Vietnam, the Philippines and Singapore.

Threats that US, European and Asian navies could jointly organize a blockade of Chinese oil supplies in the Indian and Pacific oceans are a major part of this agenda.

The Chinese-Pakistani deal is a political blow to Washington, which is largely withdrawing its occupation forces from neighboring Afghanistan and is deeply unpopular in the region. Since 2004, thousands of innocent people have died in CIA drone strikes in Pakistan, including 330 attacks so far under Obama. UN officials, Pakistani courts and human rights groups such as Amnesty International have declared these drone murders illegal, but the CIA has proceeded anyway, trampling over the widespread popular opposition in Pakistan.

Beijing's industrial investment in Pakistan contrasts with the destructive role of US imperialism, which despite its vastly superior financial resources has focused its energies on bombing and terrorizing the region's population.

China's \$46 billion investment is almost three times the total foreign direct investment that Pakistan has received during the last 7 years and far exceeds US spending in Pakistan. Washington has reportedly given \$31 billion to Pakistan since 2002, with two-thirds of that funding devoted to the "war on terror."

On April 19th, the *New York Times* reported, "That effort was a 'dramatic failure' because the resources were scattered too thinly, and had no practical or strategic impact, said David S. Sedney, a former senior official at the Pentagon responsible for Pakistan during that period."

Other regional powers—above all Pakistan's traditional rival, India, which also fought a war with China in 1962—are also carefully monitoring the military implications of the latest China-Pakistan deal and preparing strategies to counter it.

The day before Xi visited Pakistan, Indian navy chief Admiral Robin Dhowan, in an interview with the *Hindustan Times*, warned that "the navy is ready for any eventuality and is keeping the Indian Ocean under tight surveillance. We have our eyes firmly set on waters of interest around us. The navy is a multi-dimensional combat force and we are looking at all aspects related to sea control and sea denial amid the unfolding developments in the region."

Earlier this month, Indian Prime Minister Narendra

Modi visited France and negotiated the purchase of dozens of Rafale fighter jets to modernize the Indian air force, as well as six EPR nuclear reactors.

As they move ahead with the deal, the Chinese and Pakistani regimes also face the social and ethnic conflicts inside Baluchistan that decades of bourgeois rule in Pakistan have only intensified.

President Xi Jinping met with Pakistan's Joint Chiefs of Staff and heads of armed forces to discuss defense and security of the project. Pakistani officials, including Prime Minister Nawaz Sharif, agreed to deploy a new special division totaling 10,000 Pakistani troops to protect Chinese construction workers in Pakistan. Xi also met with the leaders of different political parties in Islamabad to discuss the project.

On April 11, 20 Sindhi and Punjabi construction workers were killed near Turbat in Baluchistan. The separatist Baloch Liberation Front claimed responsibility for the attack.



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