

The China Pakistan Economic Corridor

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In the 68 years of Pakistan's existence, the most significant feature of its socio-economic development has been the contradiction of its economic growth having an inverse effect on the living conditions of its ordinary people. The present economic slowdown is now yielding another decline with the trade deficit soaring to \$ 24 billion and foreign debt peaking at new heights, exports declining year after year and, more importantly, manufacturing production in a downward spiral resulting in bigger imports of even household commodities. The World Bank, International Monetary Fund (IMF) and other imperialist financial institutions are tightening the screws with the increasing domination of imperialism. This also explains Dar's mini-budget and its far-reaching retrogressive impact on the daily lives of the country's tortured souls. The increase in indirect taxation of Rs 40 billion on imported products will inflate prices across the board.

Despite being praised by the IMF, World Bank, imperialist rating outfits and unprecedented attacks on workers' conditions, contracts, health and safety, the ruling elite has seen 50 percent decline in foreign investment over the last 12 months. However, all eggs are being dumped in the basket of the 'miracle' of Chinese investment in the name of the China Pakistan Economic Corridor (CPEC).

The CPEC is a megaproject that will connect Gwadar and Xinjiang via a network of highways, railways and pipelines to transport goods, oil and gas. This economic corridor will run about 3,000 km from Gwadar to Kashgar. The investment package is estimated at over \$ 46 billion, comprising highways, railways, telecommunications, natural gas and oil pipelines connecting China to the Middle East and improving 'intelligence sharing' between the two countries. The Pakistani media and government have described the investments as a "game and fate changer" for the region. According to The Guardian, "The Chinese are not just offering to build much-needed infrastructure but also make Pakistan a key partner in its grand economic and strategic ambitions. The project will also open trade routes for Western China and provide China direct access to the resource-rich Middle East region via the Arabian Sea, bypassing longer logistical routes currently through the Strait of Malacca."

China's stake in Pakistan's deep sea naval and civilian port of Gwadar will also allow it to expand its influence in the Indian Ocean, a vital route for oil transportation, taking into account that 60 percent of China's imported oil comes from the Middle East and 80 percent of that is transported to China through the long, expensive and dangerous piracy-rife maritime Malacca Strait route through the South China, East China and Yellow Seas.

These facts clearly reveal that this project is basically designed by the Chinese to serve the geopolitical and strategic interests of the Chinese state and stimulate the Chinese economy and growth rates through Keynesian economics. However, this will push Chinese state debt even more than its current 250 percent of GDP, higher than that of Greece! The Chinese are desperate to restore their industrial production as their GDP growth has sharply declined from about 14 percent in 2007 to the current rate of 6.8 percent.

All Chinese investment will be in the form of loans, the rates of which have not been transparently made public and all skilled workers like engineers and technicians are likely to be Chinese.

However, the response of the corporate media and the political elite in Pakistan has been ecstatic. They are least interested in the betterment of the masses in Pakistan as their interests are mainly to get contracts and subcontracts in these projects from the Chinese conglomerates and add to their plunder. All political parties are espousing this project as a miracle that will change Pakistan's fortunes. The Pakistani ruling classes and state aristocracy are accomplices yet again in this new bout of imperialist plunder of its people. The differences over the route are mainly to get this project to pass through routes that are more accessible to vying sections of Pakistan's comprador ruling class.

However, there are serious security concerns for the CPEC. China has already expressed concern over the separatist groups in Xinjiang collaborating with insurgents in Pakistan, and has expressed a desire to strengthen security provisions. The Tehreek-e-Taliban Pakistan (TTP) has claimed responsibility for past attacks on Chinese contractors including kidnappings for ransom during the previous projects. Armed insurgent groups operating in Balochistan, including the Balochistan Liberation Army, have carried out several attacks on Chinese officials and engineers working in this area. Wu Zhaoli, an assistant research fellow at the National Institute of International Strategy at the Chinese Academy of Social Sciences, in his article published in Global Times argued: "Security concerns are a critical cause, which helps to determine the path of this corridor." Pakistan's response has been establishing a 12,000-strong security force to protect Chinese workers on the corridor.

This CPEC project can also aggravate the already complicated and burning national question in Pakistan. The provincial Assembly of Khyber Pakhtunkhwa is on the warpath over the possibility of alteration of the corridor's route through Khyber Pakhtunkhwa. Similarly, Baloch nationalists are expressing resentment and are saying this will turn the Baloch into a minority in their homeland. There is also resentment in Sindh and other nationalities through which this 'corridor' has not been routed.

Such projects of investment are executed to enhance the financial interests of the Chinese. Reuters recently reported: "The Chinese government announced that it will finance Chinese companies to build energy and infrastructure projects in Pakistan as part of the CPEC." There are already deep military and economic ties of the Chinese in Pakistan. The question being asked by some political gurus is whether Pakistan is being turned into a Chinese colony. Although this may be an exaggeration, with the export of massive capital, the character of the Chinese capitalist restoration — its imperialist character — is manifest. Obviously, in a world with the balance of forces in such disarray and US imperialism still at the helm, in spite of its debilitated state, such a prognosis is a bit overboard but the designs of China are very palpable.

This is particularly the case in Balochistan that has now become the battleground of the new Great Game's wars of the imperialists intervening with state and non-state proxies to grab minerals, strategic positions and resources of the region. What is clear, however, is that this CPEC project cannot alleviate the poverty of the masses and transform the primitiveness of regions like Balochistan into modern and advanced areas. On a capitalist basis such projects only intensify the contradictions of combined and uneven socio-economic conditions in these societies. The implosion of these heightened contradictions will accentuate the conflicts, bloodshed and mayhem that already stalk the land. The plight of the masses will only worsen when the basic aim of all projects and investment under capitalist relations is to extract profit and not the fulfilment of human needs.

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