

Pakistan: New Trade Routes and a New Cold War?

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The Belt and Road Initiative in Pakistan

Pakistan and China have had close relations for decades. Those ties have reached new heights through their cooperation within the framework of the Belt and Road Initiative (BRI). At the same time, the strategic considerations behind their collaboration also reveal the complex and dangerous network of relationships in Asia that is increasingly emerging in the context of a looming second Cold War.

The relationship between the People's Republic of China and Pakistan has always fascinated political scientists. Despite their enormous cultural and ideological differences, governmental relations between the two countries have been extremely stable and active since both states were founded. Pakistan is one of China's most important international allies. For that reason, it is hardly surprising that some of the largest and most important projects in China's colossal global investment and development initiative, the BRI, are unfolding in Pakistan.

But what is happening in Pakistan in the context of the Belt and Road Initiative can only really be understood by looking at the complexities of the global situation. Contrary to the way it is sometimes portrayed in Western media, the BRI is not a master plan completely focused on Chinese seizure of power. Many BRI development and investment programs are often more concerned with the profits of the Chinese and local ruling class and less on strategic interests. However, in the case of the BRI in Pakistan, geostrategic considerations are in the foreground – at least from the Chinese side. To understand this, we have to take a closer look at global power relations.

The United States' global hegemony is based on its military dominance. This guarantees the dollar's use around the world as a currency for all transactions. In turn, the US population can live on credit, in a sense, because it is possible to sustain import surpluses for decades without devaluing the dollar. At the same time, this state of affairs ensures that financial transactions are centred in the US.

This creates the capital necessary to maintain an enormous military apparatus – the financial sector has by far the most accumulated capital in today's global economy. As long as the United States' military superiority remains uncontested, no serious challenge to its political power is possible. ^[1] One example of this is the International Court of Justice, which the US is successfully boycotting, while referring to its position of global leadership. Despite the fact that the challenge from China has shifted power relations in many areas, US military superiority remains undisputed. In 2020, the United States [spent more on its military](#) than all other countries combined and three times as much as China.

The BRI – often also called the New Silk Road – can only be understood in the context of this situation. The enormous global infrastructure project is far more than soft-power diplomacy, the

development of new markets for Chinese overcapacity, or a growth engine for the Chinese construction industry. It is also a hedge for China against a possible US naval blockade. Under President Obama, US foreign policy was oriented towards East Asia for the purpose of countering China's rise somewhat. Since then, the US has signed far-reaching military agreements with almost all of China's neighbours, particularly Japan, Taiwan, Vietnam, the Philippines, Singapore, and India. These alliances are highly problematic for the People's Republic because, in an emergency, they would make it possible for the United States to close off all of the key sea routes—like the Strait of Malacca—and thereby cause the export-based, energy import-dependent Chinese economy to collapse. The US is making this potential threat quite clear: it has been [conducting naval manoeuvres](#) with its allies in the South China Sea [more and more frequently](#). The New Silk Road is at least partly a geostrategy meant to create new transportation and trade routes on the Eurasian continent in order to circumvent the sea routes controlled by the US and its allies.

Pakistan is the centrepiece of this strategy and one of the most important partnerships within the BRI. The governments of the People's Republic of China and the Islamic Republic of Pakistan have had an extremely close relationship since 1951. Back then, China was oriented towards Pakistan for pragmatic reasons: to counterbalance its regional competitor India. Since then, the two governments have enjoyed a brisk exchange resulting not only in military cooperation and transfers of nuclear technology, but also programmes that are intended to strengthen economic and cultural ties. There are five Confucius Institutes in Pakistan and a multitude of exchange programmes with Chinese universities. In recent decades, China has also been concerned with cooperating in the fight against terrorism, given Beijing's fears that Islamic terror groups training in Pakistan and Afghanistan could strengthen separatist forces in the autonomous region of Xinjiang.

Since 2015, that relationship has reached a new formal level with the declaration of the All-Weather Strategic Cooperative Partnership, on one hand, and the official start of construction on the China-Pakistan Economic Corridor (CPEC), on the other. The All-Weather Strategic Partnership is unique among China's bilateral partnerships in that it defines the relationship between the two countries as the [“top priority”](#).

The CPEC is one of the Belt and Road Initiative's central projects. Its objective is to construct a corridor consisting of rail connections, roads, pipelines, and infrastructure stretching from the Chinese province of Xinjiang to the port city of Gwadar in Pakistani Balochistan. A figure of 62 billion US dollars frequently circulates with respect to the total cost of the CPEC, although the sum means little. The real amount is constantly in flux and depends on which projects are actually being pursued and implemented.

According to the [Pakistani government](#), 18 projects have been completed, while approximately 20 more have been started. These 38 projects come to a total of 25 billion euro. Most of this is financed by Chinese credit and only a very small portion through funding that does not have to be paid back. The Pakistani government hopes that the CPEC will be a growth engine for its long-stagnant economy and a solution to the massive gaps in its energy supply. This is reflected in the number of power plants and energy grid projects that have been built under the CPEC.

However, the centrepiece of the CPEC and perhaps the most strategically important project of the entire New Silk Road is the deep-water port in Gwadar, located in southwestern Pakistan on the Iranian border. Expanding the port has been a dream of Pakistani elites since the 1960s and a possibility since 2002, thanks to Chinese capital. So far, the cost of building the port and the associated infrastructure has amounted to 248 million dollars. Since 2012, the port and the accompanying free-trade zone have been operated by the Chinese Overseas Holding Company Pakistan (COHCP), which has a 40-year contract for the port.

Gwadar is located directly on the Strait of Hormuz and is thus particularly interesting with respect to energy supplies from the Persian Gulf, which is the source of [40 percent of China's oil imports](#). Furthermore, Gwadar offers China an additional trade route that circumvents regional US allies like Vietnam, Singapore, Australia, and India. Apart from expanding its port and transportation infrastructure towards China and Afghanistan, other plans include establishing a free-trade zone and an ambitious urban development programme that includes [transforming this remote town of 90,000 people](#) into a metropolis with 2 million residents by 2050.

However, these optimistic development promises stand in stark contrast to the reality on the ground. While the port and free-trade zone are at least partly operational, there have hardly been any improvements for the local population, which suffers from extreme water conditions and energy scarcity. So far, investments have not created many jobs for residents because labour and resources are primarily imported from China, and positions are taken by well-educated professionals from eastern Pakistan. In August 2021, this also led to [protests in Gwadar](#) against illegal Chinese fishing, which threatens the livelihood of local fishermen.

Balochistan, which is sparsely populated but rich in natural resources, has a long history of exploitation by Pakistani elites from the comparatively wealthy and densely populated provinces of Punjab and Sindh. An [insurgency against the national government](#) has been growing in Balochistan for more than a decade.

Although the Pakistani government promised that the CPEC would primarily create growth in the country's west, its activities so far have particularly benefited the provinces that are already relatively developed. Accordingly, discontentment has been stirring in Balochistan for years, partly because the local populace has been almost completely cut out of planning and decision-making processes.

These processes have been extremely opaque and susceptible to corruption. Nor have there been any assessments or transparent considerations at all with respect to environmental issues. Protests and terror attacks on Chinese workers are increasing – which has slowed the expansion of the CPEC. There was a [suicide attack](#) in the port of Gwadar as recently as in August 2021, which killed a Chinese engineer and two children.

Yet this is just one in a long series of anti-Chinese terror attacks. Even the Chinese ambassador to Pakistan barely escaped a similar attack in April. They are not only being carried out by local resistance groups, but also by international Islamist organizations. For example, the Pakistani arm of the Taliban and Uyghur resistance groups have engaged in [several attacks on Chinese targets](#) in Pakistan.

This shows yet again that we can only understand the BRI in Pakistan within the larger geopolitical context. The United States' chaotic withdrawal from Afghanistan has created tremendous difficulties for the government in Beijing. The rise of heavily armed Islamic forces in that power vacuum is endangering strategic Chinese investments in South and Central Asia and fuelling Chinese fears that resistance groups in Xinjiang may be strengthened by support from Afghanistan.

China has therefore long tried to [establish good relations with Afghanistan's Taliban](#). However, there have recently been [increasing indications](#) that the Taliban is in contact with the Indian government. India has a strong interest in Afghanistan because it was one of the main investors in the country, in addition to being one of its government's closest allies during the US occupation.

The danger that a new Cold War for global supremacy could be in the offing is more than real. In South and Central Asia, an extremely complex network of alliances with potentially fatal

ramifications is becoming apparent. The United States has a strong incentive to go on the offensive quickly against China because its military advantage could dissolve by 2030. Reports of developments like China's recent hypersonic rocket test are fuelling that fear in Washington and [more and more voices](#) are calling for quick and forceful action against China.

Within the region, this could be undertaken chiefly through the United States' Hindu nationalist allies in New Delhi, who have increasingly adopted an anti-Chinese course and are driven by regional power ambitions. Since May 2020, there have been repeated violent conflicts between Chinese and Indian troops at the border in the Himalayas. Moreover, the oldest international conflict in the world is between India and Pakistan.

India and the US have both [already accused China and Pakistan](#) of planning to use Gwadar for military purposes, [despite assertions to the contrary](#). This is an indication of the apprehension sparked by the Chinese-Pakistani collaboration.

The global conflict between China and the US is therefore increasingly shifting to the Eurasian mainland and particularly to South Asia. The more China banks on the New Silk Road to circumvent the US and its allies, the more it will need to defend its infrastructure in South and Central Asia by military means in the event of an emergency. If the CPEC is successful and Chinese oil imports that previously travelled through the Strait of Malacca now go via Pakistan, then China will have to secure its supply there as well.

At the same time, Pakistan is becoming a potential target for a US offensive. It remains to be seen how China will react if the terror attacks on Chinese targets persist or even increase. For a foretaste of how far Beijing is willing to go, we can currently look to the autonomous region of Xinjiang, which is indispensable to the New Silk Road. All geographically traversable routes out of China to the west go through the Gansu Corridor and the Tarim Basin. Otherwise, China's western borders are blocked by high mountains and the Tibetan Plateau. Stable political control of Xinjiang is thus essential for China's geostrategy. To break local resistance and ensure control over the region, the Chinese state is committing [massive human rights violations](#) in the name of fighting terror and risking international sanctions.

All of this is creating a dangerous dynamic in one of the most densely populated regions in the world. The United States' aggressive behaviour towards China along its sea routes is forcing the People's Republic to rely more on overland connections. This, in turn, is making the US and particularly India nervous because, on the one hand, it negates their strategic advantage and, on the other, some infrastructure could be used for military purposes if necessary.

Chinese investments in Pakistan are hence creating an incentive for the US to attack these supply routes or otherwise destabilize the region in the event of a conflict, such as by supporting terrorist forces. All of this is speculative, but these dynamics followed precisely this pattern countless times during the Cold War, including in Afghanistan. Moreover, speculation forms the basis upon which governments act.

Global civil society must become aware of the strategic preparations for a conflict between the US and China because complex constellations of alliances and interests are building up in South Asia that could trigger a fatal domino effect. We urgently need a new transnational peace movement that will champion disarmament and de-escalation since a global conflict between China and the US in the coming years is more likely to accelerate than be defused. Pressure on European governments also has to increase, because they should not uncritically fall in line with NATO's interests in the region. At the same time, however, they should not blindly support the conflict that the world is sliding into either. It may come to a head in South Asia, but it is a global conflict that we must

resolutely oppose.

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Footnotes

[1] Boike Rehbein, *Die kapitalistische Gesellschaft*, Tübingen: UVK Verlag, 2021, 83–91.