

Washington Pressures Pakistan to Renegotiate the China Pakistan Economic Corridor (CPEC)

By [Andrew Korybko](#)

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Pakistan must decide between the US-controlled IMF and China with respect to which of those two can most realistically help it avert bankruptcy and accordingly become its top economic-financial partner across what’s thus far been the most chaotic decade since World War II.

Pakistan’s reputable [Express Tribune](#) cited “highly placed sources” on Thursday when reporting that the US-controlled IMF demanded that the country renegotiate energy deals connected to the China-Pakistan Economic Corridor ([CPEC](#)), the flagship project of Beijing’s Belt & Road Initiative (BRI), as part of an implied prerequisite for receiving a bailout from that global financial body. This comes precisely at the moment that Pakistan’s economic crisis continues to comprehensively worsen and the new authorities who scandalously replaced former Prime Minister Imran Khan in early April on the pretext of resolving these problems have yet to come up with any sustainable solution.

It also deserves mentioning that Pakistan and China [agreed](#) last September not to alter tariff and tax policies connected to CPEC energy deals so the new authorities would be going back on the former government’s word if they tried to revise these terms under the US-controlled IMF’s pressure. The optics of them attempting that could extend credence to the former premier’s claims that they came to power as part of a US-orchestrated regime change against him as punishment for his independent foreign policy. China is Pakistan’s top strategic partner and one of the dual engines of the [emerging Multipolar World Order](#) alongside Russia so Islamabad must tread very carefully in this respect.

Any sudden moves in the direction of simultaneously presenting themselves as having complied with US pressure following accusations that they were brought to power by America in order to flip Pakistan’s [grand strategic reorientation away from](#) the multipolar conservative-sovereigntist (MCS) direction of former Prime Minister Khan and towards Washington’s self-interested unipolar liberal-globalist one could irreparably harm the reputation of the new government. Of relevant concern, Sri Lankan President Gotabaya

Rajapaksa opined just a few days back that China's interest in South Asia seems to be fading, including in Pakistan, which hosts BRI's flagship project.

[According](#) to him,

"My analysis is that China has shifted their strategic focus into Southeast Asia. They see more strategic interest in Philippines, Vietnam and Cambodia, that region, and Africa. They have less interest in this region. I don't know whether I am right or wrong, even the focus on Pakistan has gone down. That shows that their interest here is not like earlier. Their interest has shifted to two other areas."

While this remains the realm of his personal opinion for now since it hasn't been objectively confirmed, it's nevertheless a reasonable observation since recent economic and political tumult in top Chinese partners like Sri Lanka and Pakistan might have led Beijing to recalibrate its grand strategy.

Instead of concentrating on South Asia like before, the People's Republic might indeed be redirecting its BRI focus to neighboring ASEAN and Central Asia, the first of which has a much larger and stable market while the second can [connect China to Iran and Turkey](#). Africa, as always, [remains a priority focus](#) of China's comprehensive global engagement efforts since neither can sustainably rise across this century without the other, meaning that there'll be neither an African Century nor a Chinese Century but most likely an Afro-Sino Century if their efforts are successful. Even though South Asia is important for China, and especially Pakistan's CPEC, recent uncertainty there might have comparatively reduced its interest.

Should this observation be even partially accurate, then it would suggest that Pakistan has been forced onto the horns of a dilemma by the US-controlled IMF whereby it must make a zero-sum choice.

Simply put, Pakistan must choose between complying with Washington's indirectly conveyed demands via that global financial body and thus risk complicating relations with China or rebuff the same country that its new government is laser-focused on improving relations with, possibly ruin the opportunity for a rapprochement, but reassuringly retain its excellent strategic relations with the People's Republic.

The stakes couldn't be higher considering former Prime Minister Khan's earlier warning about the sequence of events that could spell the end of his country in the worst-case scenario. [In his words](#),

"If the establishment doesn't make the right decisions then I can assure in writing that they and the army will be destroyed because what will become of the country if it goes bankrupt. Pakistan is going towards a default. If that happens then which institution will be [worst] hit? The army. After it is hit, what concession will be taken from us? Denuclearisation. If the right decisions aren't made at this time then the country is going towards suicide."

For as worrying as this scenario might sound, it certainly seems credible, especially considering the dilemma that Pakistan has reportedly just been forced into by the US-controlled IMF. This places immense pressure on the country's military and intelligence structures, which are collectively referred to as "The Establishment" in Pakistani parlance, to

soon decide which course of action to take. The problem, however, is that The Establishment recently decided to abandon its former role in stewarding the country by unexpectedly taking a position of “neutrality” ever since the scandalous no-confidence motion against former Prime Minister Khan that he alleges was orchestrated by the US.

This newfound stance might not be the best to practice at such a pivotal juncture in Pakistani history since The Establishment had previously claimed that CPEC was an initiative of grand strategic interest that had the full support of all the country’s stakeholders. With this in mind, their continued “neutrality” might be interpreted by some observers – and particularly those in China – as tacit approval of whatever the new government decides to do regarding the US-controlled IMF’s reported demand to renegotiate CPEC energy deals. By failing to intervene and letting them possibly comply with Western pressure, The Establishment might inadvertently send a very troubling signal to China.

The People’s Republic might immediately suspect that there’s credence behind former Prime Minister Khan’s claims that his successors came to power as part of a US-orchestrated regime change to reverse his independent foreign policy if they suddenly went back on the former government’s agreement to retain the terms of CPEC energy deals under indirect American pressure via the IMF. That could signal to the Chinese that the new government aligns more with the US-led Western ULG worldview than the jointly Russian- and Chinese-led MCS one. Furthermore, Beijing might also come to believe that The Establishment tacitly supports this grand strategic reorientation too.

Should this scenario come to pass, then Sri Lankan President Rajapaksa’s observations about China’s allegedly decreased interest in South Asia might become a fait accompli, at least with respect to Pakistan. The People’s Republic would in all likelihood regard the new Pakistani government and their Establishment backers as unreliable, thus potentially redirecting its BRI focus away from that country and towards Central Asia like it’s already [seemingly in the process](#) of doing in order to pioneer connectivity with more economically and politically stable Iran and Turkey. Pakistan and CPEC will always undoubtedly remain important, but they’d no longer be the “first among equals” in BRI.

Reflecting on the strategic insight shared in this analysis, it’s clear that Pakistan has been thrust by the US onto the horns of a dual dilemma. It must first most urgently avert its impending bankruptcy in order to preserve the integrity of its nuclear program per former Prime Minister Khan’s wise warning, but it must also decide between the US-controlled IMF and China with respect to which of those two can most realistically help it do so and accordingly become its top economic-financial partner across what’s thus far been the most chaotic decade since World War II. This means that Pakistan is forced to make a pivotal zero-sum choice whose grand strategic consequences will reverberate for years to come.

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Andrew Korybko is an American Moscow-based political analyst specializing in the relationship between the US strategy in Afro-Eurasia, China’s One Belt One Road global vision of New Silk Road connectivity, and Hybrid Warfare. He is a frequent contributor to

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About the author:

Andrew Korybko is an American Moscow-based political analyst specializing in the relationship between the US strategy in Afro-Eurasia, China's One Belt One Road global vision of New Silk Road connectivity, and Hybrid Warfare. He is a frequent contributor to Global Research.

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