

# China Grants Pakistan \$6.5 Million for Nuclear Power Station

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China has granted a loan of US\$ 6.5 million to Pakistan for building two nuclear power stations in Karachi. China's state-owned Exim Bank will be providing the loan, as confirmed by the Pakistan Foreign Ministry in January 2014. Construction of the plants had, however, commenced in 2013 but the revelation regarding the funding source was made by the Pakistanis only in January 2014. Pakistan had formally inaugurated two 1,100 MW projects in the second and third phases of the Karachi nuclear power project (K2 and K3) in December 2012. The deals follow Chinese support to the nuclear complex at Chashma, where two reactors have been constructed with Beijing's assistance.

The K2 and K3 plants, when operational, would be seen as a boon for enhancing Pakistan's electricity production by about 15 percent. Ansar Parvez, the Chairman of the Pakistan Atomic Energy Commission, has declared that the plant is scheduled to be completed in 2019. Each of the plant's two reactors will provide more power than all of Pakistan's current nuclear reactors combined. This has much significance in the country as power generation has become a major issue in Pakistan on account of its acute power shortages, leading it to seek outside help to remedy the problem. Considering nuclear energy as a key component of its long-term energy plan, Islamabad hopes that nuclear energy can provide a solution for the country's chronic power problem. However, proliferation has become a major issue in the reluctance shown by other countries, notably the

United States, to provide assistance for Pakistan's nuclear power efforts. The AQ Khan episode has deterred many nations from coming actively forward for aiding Pakistan in this endeavour.

Nonetheless, China has not been so unwilling to provide Pakistan with assistance for nuclear power projects, basing this aid on their historically close relationship. When Chinese Premier Li Keqiang visited Pakistan in May, he reiterated that China and Pakistan are "all-weather strategic partners." Li also promised that "China would firmly consolidate and develop China-Pakistan relations no matter how the international and regional situation changes."

Ma Yaou, China's Consul General in Karachi, wrote in his editorial for *The Express Tribune* that "China and Pakistan are two highly complementary economies with huge potential for deeper cooperation.....China stands ready to join hands with our Pakistani brothers and make fresh efforts to create new chapters in our bilateral relations." The nuclear financing constitutes one part of these "fresh efforts."

The Chinese Foreign Ministry has stated that "relevant cooperation between China and Pakistan helps alleviate the power shortage in Pakistan and serves the interests of local people". Spokesperson Hua Chunying said, "China will continue to help Pakistan tackle the shortage of power as its capacity allows." She also said that the two countries' "relevant cooperation, which is totally for peaceful purposes, meets their respective international obligations and is subject to the safeguards of the International Atomic Energy Agency (IAEA).....I also want to point out that China takes issues concerning the peaceful use of nuclear energy seriously. Under the precondition of nuclear non-proliferation, we carry out active cooperation and communication with relevant countries and the IAEA in the peaceful use of nuclear energy and provide assistance for other developing countries in developing nuclear energy."

China has already stated that its pledge to Pakistan regarding aid for civil nuclear energy projects will be carried out, thereby overriding international disapproval of the same on the grounds that recent agreements have been in contravention to the international guidelines related to nuclear trade. Beijing has provided support to the construction of two reactors at the Chashma nuclear complex, and the agreements for the third and fourth reactors there, signed in 2009, generated much controversy as they were the first deals signed by China

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after joining the Nuclear Suppliers Group (NSG). The problem arose because of the rules of this nuclear trade body that forbid members from transferring technology to countries that have not signed the nuclear Non-Proliferation Treaty (NPT). India obtained a waiver from the body only after undertaking various commitments. China defended its decision, saying that its help for the construction of the later two reactors was already part of the overall deal and since that was finalised before China became a member of the NSG, such criticism of its nuclear behaviour was not warranted.

As far as the Karachi power stations are concerned, Chinese help is also an overt demonstration of its interest in making sure that a political and diplomatic partner has a sufficient energy supply. The US has also expressed concern but is likely to welcome developments that help ensure Pakistan's domestic stability. The State Department had already issued a statement in September that "the United States is confident that the Government of Pakistan is well aware of its responsibilities and has secured its nuclear arsenal accordingly."

However, these efforts by China to improve its ties with Pakistan do not bode well for India. According to some analysts, while an internally stable Pakistan may imply greater threat to India as it would be able to focus on the external dimension of its foreign policy "ventures", basically it is the nuclear element of the China-Pakistan relationship that is more threatening. Whether for civil purposes, Pakistani nuclear capacity is going to increase and that too with Chinese help, which means a double challenge to Indian security concerns. Chinese investments in one area can easily imply greater investments elsewhere and this entrenchment by Beijing points to the fact that they are going to be protected, from whatever the threat. China, therefore, will act to create an internally stable Pakistan and even aid it against external threats. India, thus, cannot rely on Chinese neutrality in an event of confrontation with Pakistan, but, on the contrary, would have to deal with, possibly, an increased Chinese aggressiveness-something India should be ready to deal with, tactfully and successfully.

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