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Issue Brief

Iran-Pakistan Gas Pipeline

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As a youthful dream with promising prospects, the Iran-Pakistan (IP) gas pipeline was first conceived by a young Pakistani civil engineer, Aftab Ahmed. He put forth the idea to connect these two neighbouring countries via an energy transmitting pipeline that he dubbed the ‘Persian Pipeline’ in 1950. The idea was to reinforce the gas resources of Pakistan and to create connections between the two friendly neighbouring states. Rajendra K Pachauri revisited the idea in 1989 and initiated talks with the former Deputy Foreign Minister of Iran, Ali Shams Adrekani. The concept was reshaped and expanded into the ‘Iran-Pakistan-India gas pipeline’. However, India broke away from the project under the pretext of cost disputes and security threats; the underlying reason being the Indo-US civil nuclear deal of 2008.

The progress on the project has been rather intermittent due to several regional and global transitions. Economic sanctions on Iran before the US-Iran nuclear deal of 2015 directly impacted the construction of the pipeline. Both private and public sector contractors remained reluctant to undertake construction work. On the other hand, countries such as Russia and China also offered to finance Pakistan’s portion of the pipeline. While American antagonism towards the project continued on account of its strained relations and sanctions on Iran, it was not the only reason behind the delays in the project. Another significant factor was the internal turbulence in the security situation of Baluchistan that did not allow for any work on the project.

Now, however, the situation has been drastically improved. Bright prospects for the completion of this project have loomed up. The China-Pakistan Economic Corridor (CPEC) comes bearing the gift of supply energy resources and opportunities of regional connectivity. It has been proposed by China on several occasions that it will fund the project and build the pipeline on Pakistan's side of the border. The Nawabshah-Gwadar LNG project is the best option for the facilitation of construction on IP gas pipeline which roughly lies along a similar route. While Iran has completed work on its own side of the border, several official creases have yet to be straightened out. A certain set of amendments in the Gas Sale Purchase Agreement (GSPA) with Iran are a pre-requisite to the affiliation of this project to the Nawabshah-Gwadar LNG project. These amendments have been intimated to the Iranian authorities and they had agreed to start negotiations regarding a delayed schedule of the construction work.¹

There have been some demoralising reports that indicate the project might be scrapped off by Iran on account of the delayed timeline of its completion.² While such reports may hold some truth in face of the ridiculously late schedule of this project, it remains as viable as ever. Iranian government on account of its deep-rooted ties with Pakistan has remained patient and steadfast in face of all internal and external forms of criticism directed at the project due to the trouble-making elements in the region. Recently, on an official visit to Pakistan, Mr. Alaeddin Boroujerdi, chairman of the Majlis National Security and Foreign Policy Committee declared that the pipeline must be built as a top priority project. He reiterated that Gwadar and Chahbahar ports are 'sister' ports and mutual cooperation on these projects could bring the two neighbours even closer.³ Apart from this, the mutual trade volume between the two states is in desperate need of a rise. Iran has also on several occasions offered to mediate between India and Pakistan on the dispute of Jammu & Kashmir.

Iran as a potent regional force has already expressed its eagerness to join CPEC in order to achieve the level of economic connectivity and harmony that this corridor promises. While work is initiated on the Nawabshah-Gwadar LNG project, both governments should strive to facilitate its linkage to the Iran-Pakistan gas pipeline. Iran has already completed about 80-90% of the work on its side of the border, thus it will be a wise endeavour on the part of Pakistan to build this pipeline with China's help. The Iran-Pakistan gas pipeline, while being extremely beneficial for Pakistan, also offers a lucrative opportunity to Iran. This pipeline could be the first concrete step for Iran in its linkage with CPEC and all that it offers.

¹ <http://www.brecorder.com/2017/01/10/334256>

² <http://www.tehrantimes.com/news/410541/iran-may-cancel-7b-pipeline-project-with-pakistan>

³ <http://www.tehrantimes.com/news/410476/MP-says-iran-pakistan-gas-pipeline-project-should-be-completed>

Iran's wishes to associate itself with CPEC can be realised practically through a project that has been in the offing for too long now. It is no longer an engineered plan of action, rather the connection of the IP gas pipeline to CPEC is a natural and obvious course of action that must be taken for greater bounties of regional and economic cooperation. It is a pipeline that will connect not two, but three countries that can be the beginning of a strong regional alliance which will exude economic prosperity for all.