

Prospects for Pakistan-China-Iran Trilateral Cooperation: Opportunities and Challenges

Fatima Raza *

Abstract

Pakistan, China and Iran are situated in the same region brimming with natural resources, blessed with geographic significance and endowed with massive economic potential. The prospects of trilateral cooperation are bright as apart from being geographically contiguous to one another, their strategic and economic interests also overlap. Economic initiatives of regional connectivity, being channelised mainly by China in this part of the world, are in total collaboration with Pakistan and Iran's respective economic and foreign policies in the region. The challenges to these initiatives are many as the security situation in this region has always remained harrowing. Terrorism, religious extremism, sectarian clashes and interference of extra-regional actors are only a few challenges that stand in the way of this nexus. The internal challenges of political instability and socio-economic factors can also affect this nexus adversely. However, if the leadership, governments' policies and public opinion in these three countries remain steadfast in support of this trilateral cooperation, there is no doubt in the future, the success of this nexus, which would change the economic and regional architecture of Asia forever.

Keywords: Interconnectivity, Regional Alliance, Pakistan-China-Iran Nexus, Economic Cooperation, Trilateral Cooperation.

Introduction

The importance of the economy is central to the prospects of cooperation among different countries all around the globe. The economy is what connects states, everywhere in the world. However, economic linkages in state-to-state relations cannot be entirely independent of the political and strategic atmosphere of the region in particular and the world in general. Even though the economy and politics go hand in hand, many argue that

* The author is Research Fellow at the Institute of Strategic Studies Islamabad.

shared prospects of economic cooperation and its benefits must not be hindered by matters of politics and security. The prospective case for tangible cooperation among Pakistan, Iran and China can also be based on this very argument that economic opportunities must be carved out devoid of mutual political and strategic differences. Respective national interests may not always align when more than one countries are involved, however, economic cooperation that has the potential to create a win-win situation for all the parties involved should not be neglected. China's rise, Iran's attempted economic isolation by the US and Pakistan's crucial geostrategic location are all factors that have the potential to bring the three countries together.

China and Pakistan have a long history of deep friendship, however, through China-Pakistan Economic Corridor (CPEC), their bilateral ties have seen an upsurge and this development has also created prospects for other regional countries to benefit from this connectivity. In this vein, many regional countries have expressed their desire multiple times to join this connectivity initiative. Iran is one of them. Most recently, at a meeting of the Pak-Iran Joint Chamber of Commerce and Industry, the Iranian ambassador to Pakistan reiterated Iran's interest to contribute to this "giant connectivity project."¹ He stressed that Iran could contribute immensely to the project through its abundant energy reserves and infrastructure building capabilities. This is merely one example of how economic cooperation among regional countries like Iran China and Pakistan can result in overall regional prosperity.

Pakistan's geostrategic location is unique and its strategic placement has placed it at the crossroads of the global political transition taking place in the form of China's rise, America's policy shifts and Russo-Iranian bonhomie. Indeed, these developments bring numerous opportunities for these three countries to cooperate and promote regional economic connectivity. Currently, China is the biggest trading partner to both Iran and Pakistan despite the US sanctions against Iran. Beijing and Tehran maintained a respectable percentage of this exchange intact even during the previous round of sanctions. In fact, China is also among the few countries that had been granted exemptions from the US sanctions due to its oil dependency on Iran. China is also Iran's biggest non-oil importer while their

¹ "Iran Reiterates Desire to Join CPEC," CPEC Latest News, Pakistan China Institute (PCI), May 27, 2017, <http://www.cpecinfo.com/news/iran-reiterates-desire-to-join-cpec/MTA30A==>

bilateral trade volume stood at US\$37.18 billion in 2017, according to the *Azer News Agency*. Pakistan also shares a sound relationship with China, particularly in economic terms. However, there exists a huge gap between the potential and the current extent of Iran-Pak economic ties, which can be bridged if this trilateral cooperation is given its due importance.

The huge volume of industrial activity in China has created a never-ending need for energy which requires a constant source that is geographically proximal to it and especially when it is along the famous ‘Silk route;’ it makes for a natural partnership. Michael Tanchum maintains that Iran will always be at the centre of China’s energy needs and this is confirmed by the most recent US\$3 billion investment offer that China has made to develop the oil fields in Iran.²

This step will help align Iran with the massive energy and infrastructural cooperation between Pakistan and China under the CPEC. It is also important to note the two components of Pakistan-China cooperation under the banner of CPEC, which are energy collaboration and infrastructure development. With respect to Iran, both these components are relevant due to its abundant energy resources and technological advancement in infrastructure development. Iran can contribute a great deal to both these components. Therefore, it seems that the trilateral economic cooperation among all three countries is a good option. However, there are numerous challenges to their cooperation as well. The biggest challenge is that of the ever-changing global political atmosphere.

With this background, this study aims to figure out the different areas of cooperation among Pakistan, China and Iran. And also, how the three countries can achieve their economic goals through their trilateral cooperation?

Pakistan-China-Iran Nexus: Areas of Mutual Cooperation

Pakistan is situated at a strategically significant locus on the world map. To its northeast is the ‘rising’ China and to the southwest is the energy-rich Iran. The increasingly popular narrative in contemporary world affairs is the

² James M Dorsey, “Iran’s Surprisingly Strong Geopolitical Hand,” *Globalist*, March 12, 2017, <https://www.theglobalist.com/why-iran-has-the-longterm-regional-upper-hand-saudi-arabia-china/>

rise of new powers and how the previous ones are struggling to adjust to this emerging reality. Pakistan's policymakers seem to have realised that making friends in the region within geographical proximity of amicable neighbours is the panacea to our economic and regional security woes. In this context, China is the closest ally to Pakistan being its neighbour and a time-tested friend. While, in spite of all the cultural, religious and historical linkages with Iran, the two countries have not yet utilised the full potential of their partnership. Due to global, regional and domestic challenges, the magnitude of economic cooperation between Iran and Pakistan has remained minimal. However, when working together, the three countries can use each other's support and position in the region to enhance cooperation and formulate a nexus that exudes strength and integrity. Thus, it is pertinent to focus on the basis of collaboration between these three countries.

Fundamentals of Trilateral Cooperation

State-to-state level collaboration between neighbours is always laced with complexities. When there is a matter of trilateral cooperation, there exist issues of underlying conflicts. However, as complex interdependence demands, these differences have to be put aside and common grounds have to be traced. Hence, when it comes to Pakistan, China and Iran, overlapping areas of interests must be found which are fortunately not too hard to carve out:

- i. China and Pakistan have always enjoyed a deep abiding friendship that irked India and the US but not Iran. Sino-Pak cooperation presents no challenges for Iran's strategic and economic interests in this region. There has been some talk about the Iranian Chahbahar port to be erected with the Indian assistance, as a counterweight to Gwadar but Iran has time and again reiterated that the two ports are not rivals but "sister ports."³ This reflects the Iranian amicable approach towards Sino-Pak joint economic projects in the region.
- ii. Pakistan and Iran have common religious, cultural and linguistic ties but the full potential of their inherent connection is yet to be

³ "Sister Ports: Both Chahbahar, Gwadar in Interest of the Region: Iranian Envoy," *Express Tribune*, May 28, 2016.

fully utilised.⁴ The external factors such as the Indo-Iranian concordance have been behind this slow progress, however, as far as China is concerned, it has never been a limiting factor in Iran-Pak ties.

- iii. Pakistan has always welcomed cooperation between its two neighbours. The recent strain in ties with the US has brought about a clear shift in Pakistan's foreign policy. With the US' dissatisfied appraisal of Pakistan's efforts in Afghanistan, Pakistan initiated a regional round of diplomacy, which included the revitalisation of ties with China, Iran, Turkey and Russia.⁵ Based on their respective longstanding grievances with the US, both Iran and China appreciated Pakistan's counterterrorism efforts and welcomed this shift towards enhanced regional integration.

Having established that these three countries have all the fundamentals for establishing and promoting a nexus of trilateral cooperation, it is imperative that different areas of their mutual cooperation be highlighted as well.

Areas of Common Interest for Pakistan, Iran and China

As significant countries of the region, Iran, China and Pakistan have a crucial role to play in the affairs of South Asia, East Asia and the Middle East. Iran's strategic and security influence in the Middle East, coupled with its abundant natural resources as well as its historic and cultural influence over the Central Asian countries, making it an exceptionally influential neighbour.⁶ On the other hand, China's economic rise, its status as a permanent member of the United Nations Security Council (UNSC), its widespread global influence and connectivity initiatives make it the next world power in making. With such allies at its side, Pakistan can surely achieve prominent stature in the global arena. The subsequent section attempts to highlight the prospective areas of cooperation for the three countries in terms of strategic and economic collaboration.

⁴ Shah Alam, "Iran-Pakistan Relations: Political and Strategic Dimensions," *Strategic Analysis* 28, no. 4 (April 2004): 23.

⁵ Lina Tikhonova, "Pakistan, China, Russia Plus Turkey Bloc To 'Revolutionise' Geopolitics," *ValueWalk*, September 7, 2017.

⁶ Shireen Hunter, "Iran's Pragmatic Regional Policy," *Journal of International Affairs* 56, no. 2 (Spring 2003): 145.

Pakistan-China-Iran Geostrategic and Geopolitical Cooperation

The trio is geographically positioned between three extremely significant regions in global politics. South Asia, East Asia and the Middle East are regions that occupy centre stage in world affairs. Their cultural diversity, natural resources, maritime routes, geography and conflicts have wide-ranging implications even for the day-to-day affairs of almost all countries worldwide. This part of the research focuses on the overlapping issues of the strategic and security of the three countries. First and foremost, is the issue of Afghanistan.

Afghan Factor

Eluding all solutions to peace and stability, the conflict in Afghanistan has become an anathema for all the regional and global stakeholders. Pakistan has been facing challenges to its national security due to the turbulent situation in Afghanistan. Iran and China also have serious security and economic concerns tied up in Afghanistan. Iran and Pakistan have not seen eye to eye on the solution to Afghan war in the past as Iran backed the Northern Alliance after the Taliban seized power in 1996.⁷ Pakistan, on the other hand, recognised the Taliban government in Afghanistan. China has high stakes in Afghanistan as it seeks to link it to its grand initiative of the Belt and Road (BRI). The Chinese access to Central Asian states and their oil resources is thwarted by the constant state of turmoil in Afghanistan not to mention the fear of spillover from northern Afghanistan into Xinjiang. For China, the importance of peace in Afghanistan is evident from these words of a Chinese scholar, “Afghanistan is the critical outside factor to impact security in all the regions surrounding Xinjiang, from South to Central Asia.”⁸

Hence, all three parties here have high stakes to ensure peace in Afghanistan but their individual reasons may have been different in the past. However, some reasons have always been mutually congruent, for example, both China and Iran are opposed to the involvement of an external actor (the US). Both countries want the US influence and interference to a minimal

⁷ “Iran and Afghanistan,” *Iran Primer*, September 12, 2017, <http://iranprimer.usip.org/resource/iran-and-afghanistan/>.

⁸ Zhao Huasheng, “China in Afghanistan: China’s Interests, Stances and Perspectives” Center for Strategic and International Studies, March 2012, 2.

level in Afghanistan, which they see as a threat to their interests and to the greater maintenance of peace in South Asia. Thus, their interests automatically align with each other. Currently, after the changing US approach towards Pakistan, time is ripe for a regional alliance to help resolve the Afghan conflict of which both Iran and China are essential members. The Russian support further accentuates this regional rapport. These countries are already a part of the Quadrilateral Coordination Group (QCG), which holds periodic meetings to discuss the prospects of peaceful resolution of the Afghan dilemma.

President Trump's South Asia policy, particularly in Afghanistan, has caused the regional countries to flock together as it does not entail a suitable solution to the Afghan civil war but instead creates a pretext for an even more prolonged US presence. President Obama's policy of withdrawal from Afghanistan had been very well-received by all the regional stakeholders as it gave indigenous people of Afghanistan, the right to govern themselves. However, Trump's policy announcement that the US will support an enhanced Indian role in Afghanistan has also made Pakistan, China and Iran wary of what the future could look like. For withdrawal of the US troops from Afghanistan, the most recent decision announced by Trump is exactly what Iran and China would favour. While the Afghan factor is a point of unification for these three countries, if they hope to effectively counter the Indo-US dominance in South Asia, they also need to make sure that a hasty US withdrawal could plunge Afghanistan into a civil war that would certainly upset the regional peace and any chances of further trilateral cooperation among these three. The significant role recently played by Pakistan in the Afghan peace process can be an opportunity for cooperation by Iran and China as their regional interests of keeping peace in Afghanistan align perfectly with those of Pakistan.

Indian Factor

India's geostrategic position and external policy towards the regional countries have always had hegemonic designs. Its position vis-à-vis Pakistan and China has always been especially antagonising. The Indian ambitions of regional leadership have landed it in several territorial disputes with China over the course of time, the latest one

has been the ‘Dhokhlam Impasse’ and the Sino-Indian war of 1962, which was decisively humiliating for India.⁹

The basis for the Sino-Indian rivalry lies in a power tussle for the regional leadership that both countries claim on the basis of their ideologies. India has always identified itself as a significant regional leader as it boasts an all-encompassing cultural influence best explained by Shashi Tharoor’s idea of *Pax Indica*.¹⁰ However, its border skirmishes and initiation of conflict with China indicate that it does not stand alone. There are academic opinions as well as political rhetoric that states that India and China have a long history of land disputes, however, they are being fanned by the external forces at work in this region.

The country that stands to benefit the most from the war of these two Asian giants is the US. America’s long-term strategy in Asia revolves around ‘containment’ and ‘encirclement’ of China, which it has successfully set into motion by propping up India as a pawn for furthering its agenda. In this milieu, the Indo-US Civil Nuclear Agreement was signed in 2005, which solidified their mutual defence and nuclear cooperation in this region.¹¹ The US and India came even closer in 2015 when they signed a 10-year defence agreement that opened the way for huge US military hardware sales to India in exchange for India providing the US military access to its harbours, airfields and bases.¹² This way, the US has been able to provide India with highly advanced defence technology, training and equipment. The latest announcement by President Trump to sign a US\$2 billion deal of unarmed drone sale to India is the latest link in this chain.¹³

⁹ Ralph Jennings, “China’s Three Worst Border Disputes - And its Best Border Buddy,” *Forbes*, July 17, 2017, <https://www.forbes.com/sites/ralphjennings/2017/07/27/chinas-3-worst-border-disputes-and-its-best-border-buddy/#410845ea4f36/>.

¹⁰ Shashi Tharoor, *PaxIndica: India and the World of Twenty-first Century* (New Delhi: Penguin Books India, 2013), 300.

¹¹ Adil Sultan Muhammad, “Indo-US Civilian Nuclear Cooperation Agreement,” The Stimson Center, July 2006, 16.

¹² Anwar Iqbal, “US-India Defence Pact to Impact Pakistan, China,” *Dawn*, August 30, 2016.

¹³ “Trump Approves \$2bn Drone Deal with India Ahead of Modi Meeting,” *Dawn*, June 24, 2017.

As the troubling nature of Indo-Pak relations needs no introduction, it can be established that Pakistan stands by China in the face of the deepening Indo-US rapport. Lately, the US has also started echoing the Indian concerns over the construction of the CPEC, a manifestation of the deep bond that is shared by Pakistan and China.¹⁴ Hence, no ambiguity lies in the joint stance of China and Pakistan vis-à-vis India's growing influence in the region.

However, Iran and India enjoy a friendly relationship as the two have shared a cultural and linguistic affinity for a long time in their history. Having strained ties during the Cold War era, Iran and India warmed up to each other in 2002, when they signed a defence agreement.¹⁵ Following that, the two have signed several trade agreements, the most prominent of which has been the Chahbahar Free Trade Agreement. In response to the launch of Gwadar port, as the sign of friendship between China and Pakistan, India pledged to assist Iran in constructing Chahbahar port. While there are several initiatives underway between the two such as the International North-South Transport Corridor (INSTC), Farzad B gas field, building routes for oil and gas transportation and laying down of railway lines, many still exist mostly on paper.¹⁶ India claims that its regional ties are free of all external influences, which is a questionable claim as it was the US pressure that forced India to drop out of the Iran-Pakistan-India (IPI) gas pipeline project in the first place.¹⁷

Thus, the Indian factor with respect to Pak-China-Iran nexus is an important one as it is a major economic power in the region. The three countries understand that the long-term US strategy of spreading and maintaining influence in Asia is pivoted on India. Consequently, this factor can play a major role in aligning their interests with one another to counter the Indian influence in this region as it means, in reality, overthrowing the US' yolk of influence.

¹⁴ Hamza Rifaat and Tridivesh Singh Maini, "The China-Pakistan Economic Corridor: Strategic Rationales, External Perspectives and Challenges to Effective Implementation," The Stimson Center, Winter 2016, 25.

¹⁵ Monica Chansoria, "India-Iran Defence Cooperation," *Indian Defence Review* 25, no. 1 (Spring 2010): 2.

¹⁶ Thomas Erdbrink, "For China's Global Ambitions, Iran is at the Centre of Everything," *New York Times*, July 25, 2017.

¹⁷ Umar Farooq Baloch, "Pakistan-Iran Pipeline Project: A Liberal Project," *ISSRA Papers* (Spring 2012).

For trilateral cooperation to flourish among Iran, Pakistan and China, it is imperative that their geostrategic and geopolitical interests in the region align with one another.

Pakistan-China-Iran Nexus: Economic and Energy Cooperation

In a study published in 2015, Tanchum wrote, “Iran is pivotal to the success of China’s trans-continental, infrastructure-focused One Belt One Road (OBOR) initiative in ways that Saudi Arabia is not.”¹⁸ He is of the opinion that Iran’s oil and gas reserves, fourth and second largest in the world, spell out a boon for China’s exponentially rising energy needs. Out of the three markets that Iran’s massive piped gas reserves can be sold to, the closest and most accessible is China. Amidst the efforts by Europe to keep Iran from walking out of the Joint Comprehensive Plan of Action (JCPOA), after unilateral imposition of sanctions by the US, China has also collaborated with Iran to keep their energy transactions afloat. It has recently offered Iran US\$3 billion for development of an Iranian oil field. This offer was made by the state-run energy giant in China, Sinopec, and is part of an existing agreement to operate the Yadavaran oilfield in Iran on the Iraqi border.¹⁹ All these signs point towards a plausible partnership between Iran and China based on a mutually beneficial arrangement of savvy investment in the energy sector.

On the other hand, Pakistan and China have initiated work on the CPEC, which is also an energy and infrastructure based initiative. Iran has also shown serious governmental level inclination to join the CPEC. The Iranian President, Hassan Rouhani, in a meeting with the former Prime Minister, Nawaz Sharif, on the sidelines of the UNGA summit in September last year, expressed a desire to be a part of the CPEC.²⁰ The case for Pakistan-China-Iran forming an ‘energy nexus’ is naturally strong and when coupled with the recent developments, it becomes fairly inevitable. While

¹⁸ Dorsey, “Iran’s Surprisingly Strong Geopolitical Hand.”

¹⁹ Benoit Faucon, “China Offers Iran \$3 Billion Oil-Field Deal as Europe Halts Iranian Crude Purchases,” *Wall Street Journal*, January 17, 2019, <https://www.wsj.com/articles/china-offers-iran-3-billion-oil-field-deal-as-europe-halts-iranian-crude-purchases-11547743480>

²⁰ Syed Sammar Abbas, “Iran wants to be part of CPEC, says Rouhani,” *Dawn*, September 22, 2016, <https://www.dawn.com/news/1285404>

energy cooperation through the CPEC is clearly laid out between China and Pakistan, Iran and Pakistan lag behind on this front.

The following section focuses on the prospective initiatives of energy and economic cooperation that exist or have the potential to develop among these three countries.

CPEC: Can Iran Join in

As mentioned above, President Rouhani expressed his desire to join the CPEC and this wish was reciprocated by the former Chinese Ambassador to Pakistan, Sun Weidong, when he conveyed that Beijing would like to see Tehran as a part of this multibillion-dollar project.²¹ There is more to this cooperation than the energy reserves and technological advances that Iran will provide. The CPEC has faced strong resistance from India, which views it as a threat to its regional economic interests. Now, on behest of the US objections to the CPEC, India could cause more obstacles in the way of this project.²² These grievances from India could easily transform into disruptive actions that could jeopardise the security and stability of the corridor in question.

If a significant economic power in the region raises questions over the legitimacy and purposefulness of an interconnectivity initiative, it clearly casts a shadow over the regional spirit of the entire project. The Indian doubts over the CPEC could hold sway over the stance of all other smaller countries in the region about it. It is not an unprecedented premise as the Indian decision to devalue the South Asian Association of Regional Countries (SAARC) by not participating in its sessions has nudged the organisation towards an untimely demise. Several smaller countries in South Asia followed suit. However, India does not enjoy the support of any other significant regional player in its disapproval of the CPEC.

Iran and India enjoy an amicable rapport with one another in the region but Iran clearly does not see eye to eye with India on this matter. Regardless of the Indian reservations about the CPEC, Iran has publicly and repeatedly expressed the desire to be a part of it. Iran has displayed a neat manner of

²¹ Ibid.

²² Andrew Small, *The China Pakistan Axis: Asia's New Geopolitics* (Haryana: Random House India, 2015), 100.

diplomacy in its regional alliances where it is seen remaining good friends with China while also initiating economic ventures with India. This further solidifies the purpose of this trilateral nexus. There has been talk about how the collaborative Chabahar port measure is an Iranian reaction to the Gwadar project between Pakistan and China, it has not only been denied by Iran but it also is a fact that the two ports are not comparable in any way. Gwadar is a deep-sea port with harbouring potential manifold the size of Chabahar, which is only workable for a transit trade arrangement via Afghanistan. Iran has quite tactfully declared it a 'sister port' to Gwadar and managed to keep the option for cooperation with China open for all future ventures. Hence, it is evident from the Iranian stance on the matter that it wishes to bring its resources to the CPEC for all practical purposes. "Iran is eager to join the CPEC with its full capabilities, possibilities and abilities," said the Iranian Ambassador to Pakistan, Mehdi Honardoost, in Islamabad.²³

The preliminaries, such as economic cooperation between Pakistan and Iran, have been considerably increased over the past few years. The two countries have pledged to increase their trade volume to US\$5 billion until 2025. Having stable economic cooperation with Pakistan, Iran can quite easily extend it further to China with which it also enjoys good bilateral ties. Thus, it is almost naturally incumbent upon these three countries to cooperate via CPEC or other ventures.

Iran-Pakistan Gas Pipeline: Role of China

The decades-old pipeline project between Pakistan and Iran initially had a third member; India. Now known as the Iran-Pakistan gas pipeline (IP) is 2,775 kilometres (1,724 miles) long pipeline from Iran to Pakistan to supply natural gas. India pulled out of the project after it signed a civil nuclear agreement with the US in 2005. Since then, the project has been in limbo. Experts believe that Iran and Pakistan must accept the Chinese investment and expertise to raise this project off the ground. The progress on the project has been quite slow as there have been several geopolitical impediments to this project on the regional and global level. Even before the JCPOA deal between Iran and the P5 was finalised in 2015, there were strict economic sanctions against Iran, imposed by both the US and the UN. Now after last year's US' unilateral withdrawal from the deal leaving Iran and EU

²³ "Iran Keen to Join CPEC, says Envoy," *Dawn*, January 17, 2017, <https://www.dawn.com/news/1311031>

signatories in a limbo; Iran has been targeted with even stricter sanctions by the US. While this means that Europe and the UN have not restored sanctions against Iran but the US' sanctions alone must not be enough to alarm private and public sector contractors from any energy project involving Iran.

Despite sanctions, many countries such as Russia and China have offered repeatedly to help construct the pipeline on Pakistan's side. It is important to understand that the US antagonism toward Iran is certainly a crucial factor impeding the progress on the IP project but an even bigger impediment is the fragile security situation in Sistan-Balochestan province of Iran and Balochistan in Pakistan. Before the two countries can convince any third party, such as China, to fund this project, it is imperative that they cooperate on matters of managing their shared border. The latest unfortunate attack on the Iranian Revolutionary Guards (IRGS) personnel in Zahedan by the terrorist organisation that calls itself, *Jaish-al-Adal* on February 13, 2019, is a clear indication of the volatility of the situation in this region. Both Iran and Pakistan need to work on this issue so that China can be sought after as potential investor.

Most recently, during the meeting between foreign ministers of China and Iran, China reiterates that it cherishes its deep strategic relationship with Iran. Therefore, it can be safely established that China will not be opposed to this gas pipeline project between Iran and Pakistan. However, being at odds with the US on the economic front, it might be difficult for China to help this project along. However, the CPEC does provide a suitable opportunity to do so. It had previously been proposed by China on numerous occasions that it could lend financial help to Pakistan in building this pipeline. The idea of adding the Nawabshah-Gwadar LNG project to this pipeline was circulated many times and it seemed plausible until the LNG terminal project itself was scrapped from the CPEC.

At the moment, both China and Pakistan seem reluctant to delve further into the completion of this project. Iran has completed construction of the pipeline on its side, however, there are many lacunas that need urgent attention and work from the Pakistani side to make this project a reality. These include gas pricing amendments that Pakistan had demanded and now in light of the new US sanctions against Iran, there needs to be clarity on whether Pakistan can purchase gas from Iran. From Pakistan, a legal

team was sent to Iran to carve out a way around this new impediment. Pakistan has recently conveyed to Iran that under the US sanctions it would be difficult to complete the project until these sanctions are lifted. Iran had previously expressed its intentions of going to the international arbitration court to fine Pakistan as it was a legally binding contract that obligated Pakistan to do construction on the pipeline on its side. In light of amicable relation, Iran has refrained from taking Pakistan to court over this. However, Pakistan's image as a contract-fulfilling country on the regional and international front can be damaged if this project is unceremoniously shelved. Better negotiation and lobbying with China in favour of this project can help bring it back to life. Through this cooperation, China can play a role in the practical manifestation of this trilateral cooperation.

Iran's inclination to join the CPEC has been a positive sign, however, the latest Saudi investment in an oil refinery in Gwadar has certainly made this difficult at the moment. However, it is reassuring to know that China and Iran also reiterated their deep strategic cooperation ahead of the Saudi investment in Pakistan, which means that China does not stand opposed to either Saudi or the Iranian participation in the CPEC projects. Rather it provided China more avenues of participation and cooperation in the Middle East and Gulf region. Thus, Pakistan must assess the situation patiently and as soon as the dust settles from the recent turbulence in this region, a compelling case for saving IP must be made with China's help.

Pakistan's SCO Membership: Grounds for Iran's Inclusion

Energy insecurity and insufficiency will be among the top challenges faced by the human race in the near future. Pakistan has unfortunately reached that level already. The past decade has caused setbacks to Pakistan's economic and industrial output and progress to an incredible extent. The advent of the CPEC will help overcome the shortage of energy for domestic and industrial purposes. Joining the Shanghai Cooperation Organisation (SCO) will bring Pakistan even closer to its goal of achieving energy sufficiency. This development will facilitate the flow of energy trade in this region. Pakistan can play a pivotal role in materialising the north-south trade and energy corridor with the promising opportunities of road-rail and pipelines link up to Gwadar. Recently concluded Pak-China MoU on establishing of Kashghar-Gwadar road-rail network is an encouraging development for the

advantage of all regional stakeholders.²⁴ China as a persuasive force in the SCO will make it easier for Pakistan to link energy corridors and, if Iran's bid to join the SCO is also accepted, it will be another economic opportunity for a nexus among all three countries. Now after the removal of international sanctions from Iran following the 2015 JCPOA agreement, its road to the SCO's full membership has become easier. China has close economic and diplomatic relations with Iran and played an instrumental role in pushing through the JCPOA. Although the Russian Foreign Minister, Sergei Lavrov, had supported Iran's full-fledged SCO membership, the body last year failed to initiate the accession process for Iran which expected to make it into the group after the implementation of the JCPOA and the lifting of sanctions.

Conclusion

As it is evident from the discussion above, there are several avenues of cooperation that exist among Pakistan, Iran and China. The challenges that exist for their cooperation are more linked to their individual interests, which pertain to their security, economic and, in the case of Pakistan and Iran, their religio-political interests. Transitions in the world order bode well for concentrated regional alliances. Due to palpable consequences of the US' interventionist policies all over the world, the scourge of terrorism and divisive foreign policy choices of the US president, other countries are rising to fill this vacuum created in a post-American world. Another recent development that can have a far-reaching impact on this trilateral cooperation is the US\$21 billion Saudi investment in Pakistan, a major share of which has been allocated to an oil refinery being set up by the Saudi petroleum company, Aramco.

This step, while positive for Pakistan in the economic front, could make it difficult for Iran to increase its energy relevance vis-à-vis Pakistan. This development, while welcomed by China, also requires a more interactive and inclusive approach from Pakistan and China regarding their bilateral agreements on the CPEC. However, China as a rising economic power is making linkages in all parts of the world and is offering opportunities for developing countries with resources to join its wave of economic harmony.

²⁴ Waqas A Khan, "SCO, OBOR and Pakistan (Part 1)," *Pakistan Today*, October 29, 2019, <https://www.pakistantoday.com.pk/2017/10/29/sco-obor-and-pakistan-part-1/>

With many countries, having an anti-American agenda at heart, joining this bloc, a force might be formed.

However, it will take serious concerted efforts from all sides to resolve differences and cooperate on economic fronts with one another to ensure regional harmony and prosperity. Iran and Pakistan have recently been facing a dip in mutual due to disruptive activities on their shared border by a dissident group but it would be extremely short-sighted to rule out any possible cooperation among Pakistan, Iran and China due to this development alone. There are many avenues for cooperation and a huge amount of untapped potential lies in the trilateral collaboration that needs to be exploited. What remains to be seen is whether the three countries would choose to benefit from it or will global geopolitical and geo-economic happenings will hold sway over their mutual cooperation plans.