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Issue Brief-

IRAN NUCLEAR DEAL: PROSPECTS FOR PAKISTAN

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After years of intense diplomatic efforts and multiple deadline extensions, the negotiations between Iran and P5+1 have finally resulted in a long-term Joint Comprehensive Plan of Action (JCPOA) on July 14, 2015, in Vienna. The final JCPOA¹ stipulates following key steps;

- Iran will never seek, develop or acquire nuclear weapons, and it will utilise nuclear energy for peaceful purposes.
- Comprehensive lifting of all United Nation Security Council (UNSC) sanctions as well as multilateral and national sanctions on Iran.
- The International Atomic Energy Agency (IAEA) will monitor and verify voluntary nuclear related measures of JCPOA, and Iran to provide managed access to the IAEA of its military sites.
- Iran to cut back its uranium centrifuges by two third in 10 years.
- Iran's arms embargo will be lifted, replaced with some restrictions to be removed in 5 years. Ban on ballistic missile technology will remain in place for eight years.
- Iran's access to trade, technology, financial and energy will be facilitated.

The deal has been widely welcomed by the international community, including Pakistan. The US believes that this historic nuclear deal will prevent Iran from developing nuclear weapons in exchange for relief in sanctions. President Obama said that the deal is based on "verifications not on trust," and if Iran violates the deal, "sanctions will snap back into place." Iranian Supreme Leader, Ayatollah Khomeini, and Iranian President Hassan Rouhani have also welcomed the deal with the hope that it will open a new chapter of constructive engagement between Iran and the world. The United Nations Secretary General, Russia, France, Germany, and many other states have hailed this deal as a positive step to promote regional peace and stability. However, Israel has expressed its serious concerns over the deal and termed it a "historic mistake." Arab countries, though displeased with the outcome, have given a muted response, but the United Arab Emirates (UAE) has welcomed the deal. International experts and media have been considering this deal as a first step in a broader Iran-US rapprochement.

A UNSC resolution on the deal is expected soon. The deal is now placed before the US Congress, which has 60 days to review it. President Obama has assured that he will veto any legislation by Congress, aimed at preventing the successful implementation of Iran nuclear deal. However, sanctions will not be lifted instantly but gradually. For Iran, to benefit from hundreds of billions of dollars of frozen assets placed under sanctions, and opening up of new avenues of foreign investment and trade will take some time. The lifting of sanctions would be a long term process. Ultimately, a simultaneous assurance from each side i.e. Iran is not diverting its nuclear programme for weapons development and the western nations are lifting sanctions, will make this deal successful.

¹ For further details see, "Iran Nuclear Deal : Full Text of Joint Comprehensive Plan of Action," *The Guardian*, July 14, 2015, <http://www.theguardian.com/world/2015/jul/14/iran-nuclear-deal-full-text-of-joint-comprehensive-plan-of-action>

The Advisor to the Prime Minister on Foreign Affairs, Sartaj Aziz, has termed the deal as a “positive step for regional integration,” and said that it will have “positive impact for Iran-Pakistan (IP) Gas Pipeline project and a number of other projects affected by the sanctions.” The IP project has been under consideration since 1994. Despite several agreements over the past years between Iran and Pakistan, the project was facing snags due to US and European Union sanctions on Iran. However, the Pakistani side has yet not started work on its own agreements of the pipeline due to funding issue. National and international banks, due to the fears of US sanctions, failed to provide funding, and Pakistan missed the deadline of December 2014 for the flow of gas. As a result, Iran under its “take or pay” obligation, asked Pakistan to pay penalties on delays, but never pursued its demand.

However, after Iran nuclear deal and removal of sanctions, national and international banks will gain confidence to fund IP Gas Pipeline Project. Pakistan’s Petroleum Minister, Shahid Khaqan Abbasi, talking to *Bloomberg*, said that the work on pipeline was stopped because of sanctions. He added that Pakistan will complete an 80 kilometre section within six months after sanctions are lifted. He also added that Pakistan is “committed to connecting the gas pipeline with Iran. From the Gwadar side we have already started it.”

Iran has completed most of its part of the pipeline, but still needs to construct around 200 km long pipeline. Pakistan will complete 80 km Gwadar-Iran section within six months, after the removal of sanctions, and the entire 800km of the pipeline in Pakistan will be completed in around 30 months, with Chinese help. The pipeline could then become part of the China-Pakistan Economic Corridor (CPEC).

On a broader regional perspective, Iran nuclear deal is likely to promote regional peace. The nuclear deal would also enable Iran to contribute to world’s energy requirements through its oil and gas exports. The deal will help to generate economic activities within the region, especially with Iran’s neighbouring countries. It could also present a good opportunity to Iran to reach out to its Arab neighbours to reduce tensions in the region. A positive Iranian outlook, after this deal, will enhance Iran’s political status for solving major political differences between major regional powers and entities. The deal will enhance regional peace and will bring economic benefits not only for Iran, but for the entire region.