

The Politics of Energy Trade Between Iran and Pakistan

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ABSTRACT

Pakistan and Iran are neighboring countries that have longstanding historical ties. However, there is little research available about Pakistan-Iran energy trade relations, especially with respect to the Iran-Pakistan gas pipeline. This research is based on primary data collected through qualitative interviews with key policymakers, academicians, and social activists, from Australia, India, Pakistan, and the United States. Based on the analysis of the data, this paper argues that there are risks involved for Pakistan in either honoring United States' sanctions on Iran or bypassing them. In the former, Pakistan is incurring a huge cost in terms of delayed energy import from Iran while in the latter Pakistan, its officials, and its relevant organizations may face heavy sanctions by the United States. The study concludes that Pakistan must adopt a safer policy to pursue energy import from Iran while conducting good relations with both U.S. and Iran. The participation of India in the Iran-Pakistan energy project can increase the likelihood of its success.

Key Words: Iran-Pakistan Relations, Energy Trade, United States, Politics, Foreign Policy

INTRODUCTION

Though they are neighbors, Iran and Pakistan have different demographic, political, and strategic dynamics. Iran has moderate population needs but occupies a tense position in the Middle East due to its rivals: the Kingdom of Saudi Arabia (KSA) and the United States (U.S.). These factors define its relations with Pakistan. Pakistan, on the other hand, has a

burden of massive population, with a 1.97% growth rate (World Bank, 2021). To fulfill its needs, it must rely on external energy resources to produce goods to feed its population. And for that, it must conduct energy trade with reliable partners. Similarly, Pakistan enjoys friendly ties with both KSA and the U.S., which affects its relations with Iran. Due to these push and pull factors and complex foreign relations, Iran and Pakistan have not been able to gain from trade, particularly related to energy. Pakistan could fulfill its energy needs by importing from Iran through long-awaited gas pipelines, and Iran could earn billions of dollars by exporting energy to Pakistan. This step of cooperation could lead to regional integration and mutual benefits.

Aim of study

To address questions related to different factors of not having a potential level energy trade, especially through the pipeline, between Iran and Pakistan, it is important to involve key people from different institutions to know their views. This study aimed to collect data from key informants in order to advise future policy for better trade relations.

LITERATURE REVIEW

With the emergence of globalization, countries are becoming more dependent on one another. For Pakistan, the major role of countries including Iran, the U.S., and KSA, cannot be ruled out. Each of these countries has a unique significance for Pakistan based on their geographic, economic, and strategic circumstances. Unlike India and Afghanistan, Iran has no territorial disputes with Pakistan (Kumar, 2008). Both countries established border demarcations through mutual consensus in 1958 (Qaisar & Khan, 2017). After Pakistan got independence in 1947, in the words of Shah Alam (2004, p. 526), “India lost its centuries-old contiguity to Iran as Pakistan emerged between them in the 1950s”. The post-1947 time was an era of antagonism between India and Pakistan, and this phenomenon shaped India-Iran relations

too. Iran and Pakistan have supported each other in many ways in the past. Iran has provided Pakistan with military support in both wars with India in 1965 and 1971 (Kumar, 2008). In the 1980s, Pakistan provided support to Iran throughout its war with Iraq. On the other hand, Iraq was supported by KSA and the U.S. Pakistan-Iran relations reached a new height when Pakistan provided nuclear materials and technology to Iran, with the help of Dr. Abdul Qadeer Khan (Alam, 2004).

According to Pirzada (2017), the Pakistani Army chief's visit to Iran in 2017 was considered an important milestone in Pakistan's independent foreign policy implementation which shocked the rest of the world, especially KSA and the U.S., who have long struggled to force Pakistan not to do any business with Iran. Similarly, India-Pakistan-Iran (IPI) relations are not static and are demonstratively dependent on the role of major powers. The situation in Afghanistan and Central Asia remains the convergent point for these three countries and any development of trade between the two (Ramana, 2012). IPI is a 2,775-kilometer-long gas pipeline project, also called the *Peace Pipeline*. However, due to financial and geostrategic factors, it did not materialize. The 2007 deal received its first significant blow in 2009 when India withdrew due to financial and security reasons. In fact, the project fell prey to regional and international politics, with the U.S. forbidding India from continuing with the project. It was the peak time when the U.S. imposed sanctions on Iran amid the latter's pursuit of nuclear arsenals in the guise of peaceful civilian use (Ahmad, 2014).

When negotiations over IPI were going on, both Pakistan and India were under heavy influence by KSA and the U.S. India accepted the U.S. terms and withdrew from the project. Pakistan did not withdraw but stalled work on the project. Pakistan's leader at the time, General Pervez Musharraf said, "Pakistan is pursuing policies in the country's interest and the Iran-Pakistan-India gas pipeline project is one of the examples" (Kumar, 2008, p. 780).

METHODOLOGY

This paper is written utilizing in-depth interviews collected from 46 key people through different interview methods including face-to-face, online, telephonic, and email correspondence. The participants of this study totaled 47 people and included legislators (n=09), activists (n=02), people from academia (n=25), and diplomats (n=11); and belonged to the following nations: Pakistan (n=27); U.S. (n=06); Iran (n=06); India (n=06); Kashmir (n=01); and Australia (n=01).

The interviews were conducted through semi-structured questionnaires and lasted from 20 minutes to 60 minutes each. The collected data was coded into themes using NVivo software. The interviews were in Urdu and English. Urdu interviews were translated into English. The English interviews were transcribed through the software and an online tool called Otter. The transcribed file was fed into NVivo for further processing and to help generate themes.

Theoretical Framework

Ernst B. Haas and Leon Lindberg (1971) based their theory of neo-functionalism on the assumption that identities like nationalism and the nation-state would decline due to the pressure on the government by their citizens to provide increased welfare for their prosperity. However, this is only possible through economic and political integration with the regional markets. This theory used the example of European integrations and applied it to the rest of the nations which were either in perpetual conflict or held hostile intentions towards each other. The theory primarily explains the interaction of three broader tenets: 1) Economic cooperation and interdependence among nations can help growth; 2) The establishment of international regimes for dispute resolution is essential, and 3) The natural market rules replace national regulatory regimes to promote trade and economic efficiency.

According to E. B. Haas (1958), the following factors can drive integration further ahead: positive spillover effects, increased number of interactions, transfer in domestic allegiances, greater regulatory complexity, and technocratic automaticity. Iran and Pakistan are contiguous countries, and technically they can fulfill their needs through mutual trade, but it is not the case in this situation. Both the countries have become victims of international politics and have been unable to develop trade relations. The theory suggests if Pakistan and Iran bypass international pressure, and initiate economic ties, this will push the region towards integration which will benefit other surrounding countries and bring a new era of prosperity in the region.

FINDINGS

Pakistan is an energy-striving country. It is facing a decades-long energy shortage. The growing population is putting extra burden on the government. According to the report of the International Energy Agency (International Energy Agency, 2021), there are over 40 million people in Pakistan without access to electricity and half the population does not have access to clean cooking facilities. The unmet energy needs of the population are ultimately putting immense pressure and preventing economic growth.

Oil and natural gas are the primary components of the overall energy supply in the country. Other sources are wind, hydropower, and solar. According to the Economic Survey of Pakistan 2019-2020 (Pakistan's Ministry of Finance, 2021), indigenous four billion cubic feet per day (bcfd) is produced in the country and it is contributing 38 percent to the primary energy supply mix of the country, against its demand of six bcfd. The shortfall is satisfied by importing it from other countries. This import of natural gas has been a target of international economic and strategic factors. Pakistan and Iran are trying to pursue a decades-long negotiated gas pipeline and it is yet delayed due to many factors. Sharing his views about the

prospects of the pipeline, according to a senior research fellow at Alfred Deakin Institute, Deakin University Australia,

I think in future, there is no other option for Pakistan, than to build the pipeline. The way our population is growing, the demand of energy is getting higher. I think Pakistan will ask for money from some sources to build the pipeline.

A legislator and a member of the lower house of the Pakistani parliament highlighted Pakistan's need for energy and the pipeline project. He mentioned that the entire world knows about Pakistan's dire energy needs. Sharing his view from the legislation and policy side, he mentioned:

There are problems if we take gas from Iran. This is strange. So, the current government should deeply think about this. If it was in my hand, I will not wait for a single day and will start this project on a war footing. I personally believe that this project is as important for us just like a human being needs water and air.

The pipeline was considered economically and geographically the most viable project for all three countries, including Iran, Pakistan, and India. According to a lecturer of international relations teaching in the department of International Relations (IR) at the National University of Modern Languages (NUML) Pakistan, "if you look at the geography (of Balochistan), there is no high terrain, no mountains there as such. This IPI is geographically viable project". It has been made a target of international politics due to which it could not be materialized. Initially, it was named the Iran-Pakistan-India (IPI) gas pipeline, and then become the Iran-Pakistan gas pipeline. According to a senior professor in the department of Public Policy, National University of Modern Languages (NUML) Pakistan, "I guess it is now only I (Iran) project".

Had this pipeline been completed in a timely manner, Pakistan would have gained billions of dollars and benefited in many ways. According to Pandian (2005), Pakistan could have earned around \$14b for 30 years, including \$5b in savings, \$1b in taxes, and \$8b in transit fees. This amount could be diverted to debt repayment schemes which are currently a burden on its economy. The electric power generation is mostly run by oil, which is relatively costlier as compared to gas. If it is replaced by gas, it can save up to \$1b per year for the central exchequer.

All this would have been possible if this pipeline had materialised. During personal communication, when asked about the policy efficiency, and implementation at the national level, an international relations professor at Pakistan's National Defense University (NDU), shared her views in this regard. She stated:

Pakistan has a very bad history of culminating projects. We are very weak at finishing projects in due time. Sometimes it falls prey to security, sometimes it falls prey to politics. Now, we are so busy in the China-Pakistan Economic Corridor (CPEC) that we forgot these decades old projects, including the IP gas pipeline. I would say this pipeline project has fallen prey to our local politics and this is also the reason India withdrew from it.

Iran completed work on the pipeline long ago. A legislator from the lower house mentioned his views and experience about the construction of the pipeline as follows:

When I visited Iran in 2002. I mentioned it earlier, Iran's border with us is called Taftan, and the next first city is called Zahedan. I was stunned when I saw that Iran has completed the gas pipeline till Zahedan. You can imagine, from 2002 and today's 2018. They took gas the pipeline to that bordering city 16 years ago. And we were just 20 kilometers away from the border.

Although the official Iranian reports mentioned that the pipeline construction on their side of the border was completed in 2012 (Janjua, 2019). The legislator's observation shows that Iran

had intentions of doing energy trade with Pakistan long ago and had done the necessary groundwork even before the official announcement of pipeline work completion in 2012.

The role of the United States in the equation of Iran and Pakistan is very important, especially regarding the business of gas pipeline between Iran and Pakistan. According to a senior American nuclear weapons and sanctions expert, who is a program director at the Center on Global Energy Policy at Columbia University, “The U.S. is playing a two-way role: sanctioning Iran time to time, and putting pressure on Pakistan not to do business with Iran”. During a conversation with a director for Pakistan-Afghanistan Studies at the Middle East Institute (MEI), Washington DC, on the future of the pipeline and the influence of the U.S. in this regard, he mentioned

This (the gas pipeline) would be very helpful over the long run. Particularly for the Iranians too. That would be especially important for Pakistan if it could be done. But as you pointed out, right now, U.S. pressure on Pakistan, because of the deterioration of relations with Iran over the last many years, now has put a stop to that, then that really has not progressed anywhere.

While going through literature on the subject of Pakistan-Iran’s energy trade and, particularly the construction of the pipeline, a few major reasons why Pakistan could not pursue the pipeline were observed; the sanctions imposed by the U.S. on Iran was one of them (Naazer, 2022). While interviewing another legislator from Pakistan’s upper house, Senate, stated that the problem is probably Pakistan chasing after TAPI (Turkmenistan–Afghanistan–Pakistan–India) gas pipeline and liquid gas, and due to these two opportunities, Pakistan bypassed the IP gas pipeline and its importance. TAPI was a U.S.-brokered pipeline to minimize the chances of success of the IP pipeline. To the question of the role of the U.S., she mentioned, “No, Pakistan has its different priorities now. It is not because of the U.S. pressure. And it is true there was a U.S. pressure earlier, but not now. India is also interested in TAPI for gas requirements”. On the other hand, a professor of Public Policy from the National Defense

University of Pakistan, mentioned that the delay in the pipeline was due to Pakistan's financial issues. In other words, Pakistan is not financially strong enough to build the pipeline by itself. Similarly, a lecturer of international relations lecturer at Pakistan's National University of Modern Languages, pointed towards the internal instability of the country as a reason of the delay in the pipeline. According to him

It's not about the American pressure. It is the internal situation and regional environment, which is restraining Pakistan. At the moment, the insurgency in Balochistan is in the fast phase. So obviously, the government must be thinking that we are going to invest so much on this project, but the area is not secure and safe.

Iran, since the 1979 revolution, is under multidimensional sanctions from the United Nations, the U.S., and other organizations (Congressional Research Service, 2021). Those sanctions crippled Iran in strategic and economic ways. Most of the sanctions targeted Iran's energy sector so that Iran would not earn enough to pursue malign activities in the Middle East. It affected Iran's energy business with Pakistan. To understand the views of legislators, the researcher interviewed a nationalist politician from Balochistan and prominent member of the upper house of the parliament in this regard. He shared his views about the sanctions and prospects of the pipeline. He stated:

Pakistan couldn't pursue work on the pipeline because Iran was under sanctions. And now, although Iran and America signed the deal, but still, there is the wave of sanctions on Iran. It will take some time for Iran and other countries doing trade with Iran to be given relief in business with each other.

When he was asked the question that should Pakistan go for the TAPI or the IP gas pipeline, he responded, "the situation in Afghanistan is in our (Pakistan's) control. If you want to bring peace there, you can bring it. But the sanction on Iran is not in our hand and control. America, Iran skirmishes are not in our control." The list of U.S. sanctions on Iran is long and

can be confusing for some countries (U.S. Department of The Treasury, 2021). The list includes multiple channels of limiting Iran's strategic and economic approach in the region. Most of the time, the governments that were in business with Iran got confused with both the list of the sanctions, and the 150-page long document of the 2015 JCPOA (Joint Comprehensive Plan of Action) deal. To the question of when Pakistan can safely complete work on the pipeline, a senior American nuclear weapons and sanctions expert who is also a program director at the Center on Global Energy Policy at Columbia University responded:

Because U.S. sanctions don't cover natural gas exports; they only cover pipelines. It's one of the quirks of them. But it's not actually against U.S. sanctions to buy gas from Iran. It's only against them to build pipelines. It's against the Central Bank of Iran from there even ways past that. So, my guess is that if we were to ever have a deal, again, that Pakistan and Iran would very quickly try and finish the thing as Iraq and Iran did. Iraq and Iran were building the same kind of pipeline. But the difference is that the connection between Iran and Iraq is a lot closer.

Currently, Pakistan is fully complying with the U.S. sanctions on Iran. During the interview session with the American nuclear weapons and sanctions expert, the researcher asked what if, in the worst case, Pakistan bypasses U.S. sanctions, and engages in full energy trade with Iran? He responded:

Pakistan has trade ties with the United States. That is the problem, the fear would be that the U.S. at a minimum could impose sanctions on the companies in Pakistan that are involved [in trade], and those sanctions are quite severe. They're everything from banning import and export of goods to the companies in question to banning the general officers from traveling to the United States.

He has pointed towards a very important aspect of the implications of Pakistan bypassing U.S. sanctions on Iran. Pakistan has a very difficult choice to make between energy trade with Iran or trade with the U.S.. Pakistan could lose trade ties with the United States in case of not honoring U.S. sanctions on Iran. Currently, the U.S. is Pakistan's biggest trade partner,

with 14% of Pakistan exports going to the U.S. (O'Neill, 2021). U.S. can disturb Pakistan's export equation as a result of Pakistan's normalizations energy trade ties with a sanctioned Iran.

Pakistan and the United States have been partners on different security and economic projects since 1947 (U.S. Department of State, 2022). U.S. helped Pakistan in many ways, and Pakistan reciprocated. But the Pakistani public has a bitter opinion of its country being a U.S. ally in the War on Terror (Haqqani, 2013). The public thinks Pakistan has an unreasonable tilt towards U.S. and hence Pakistan could not pursue independent policies towards its neighbors, especially with Iran on energy trade. While in conversation with different interviewees from diverse fields, this view was expressed. An international relations lecturer in Pakistan's Quaid-I-Azam University, viewed that Pakistan should not have succumbed to the pressure [by the U.S.] and Pakistan should have done something about it. Similarly, a legislator from Pakistan's lower house; a professor of international relations at Pakistan's National Defense University (NDU); Professors of international relations at Pakistan's Quaid I Azam university; and another Professor of international relations at NDU agreed that Pakistan is under the U.S. pressure.

A legislator and senator from Pakistan's upper house, had a different view. She mentioned "this [the assumption that Pakistan is under the U.S. pressure] is not true. Pakistan is an independent nation, and under the current circumstances, the U.S. pressure on Pakistan holds no value". Another legislator from Pakistan's lower house viewed the U.S. factor as the major factor, but he highlighted other factors too.

But we have our internal weaknesses too. We do not try to pursue and go after our own interests. We should look at our own interests. These mishaps will keep happening if we do not prioritize our national interests. We should bypass U.S. in matters where our national interests are at stake.

Talking over the issue of the U.S. influence and how it is affecting Pakistan's independent foreign policies, an American nuclear weapons and sanctions expert said:

I think their [Pakistan's] preference would be that the U.S. wouldn't do that [ban Pakistan from normalizing trade ties with Iran]. Instead, you would have a U.S. administration that was prepared to understand and cooperate with and resolve any concerns that Pakistan had with the sanctions. But this is also part of the reason why it will depend on a little bit of what happens next year [2021], if Joe Biden is the next president of the United States, then this probably isn't even an issue. Right? If Trump is, that's where you potentially get a problem.

Although Pakistan and Iran have always been peaceful neighbors, their relations went through many tests in the past. Pakistan's influence in Sunni factions of the Taliban in Afghanistan, and Pakistan's tilt toward KSA and the U.S. is not favored by Iran (Khalid, & Khan, 2020). Similarly, Iran's friendlier relations with India, and Iran's doubtful policy stance on India's atrocities in Kashmir are troubling factors for Pakistan. Iran is also responsible for Liwa Zainebiyoun (LZ), a brigade of Pakistani Shi'a militants recruited and trained by Iran's Islamic Revolutionary Guard Corps (Akbarzadeh et al., 2021). This issue was another theme that came up during interview sessions with the key people. A lecturer at departments of international relations at Pakistan's National University of Modern Languages (NUML), shared her thoughts as follows:

I'm not saying that we have contentious relations with Iran, but I will say it is neither black nor white. It falls in the grey area. There is a common people's perception that Iran supported Indian spies including Kulbushan Jadev, on its territory against Pakistan. So, this is my conviction that these things are the reasons due to which Pakistan is not showing progress on this gas pipeline, that's it.

It is also important for policymakers in Pakistan to understand the likely attitudes of Iran when it is not under sanctions. To the question if Iran would still stick to the execution of the

pipeline project after the restoration of JCPOA, A professor of international affairs at Johns Hopkins University, mentioned:

My own view is that Iran liked the idea of the pipeline whenever it was under sanctions, and this changed when it stopped being under sanctions. When it looks like it might be able to sell energy into Europe, or to East Asia, then it didn't care about the pipeline. Pakistan is a second choice for Iran. So, Pakistan finds itself in a very difficult spot.

These observations regarding the times when Iran is given relief from sanctions are important to be kept in mind for the key policymakers in Pakistan. If this is not taken care of at the right time, it would be a dangerous situation for Pakistan to find alternative energy solutions to fulfill its energy needs. Keeping in mind the future needs of the growing population, Pakistan is in search of sustained energy importation projects, and one of them the Tajikistan Afghanistan Pakistan India (TAPI) pipeline on which work is in progress (Asian Development Bank, 2020). Some interviewees shared their thoughts on alternative projects, especially TAPI. According to a lecturer of International Relations at NUML, while comparing it with a similar project in English Channel, “TAPI is an unrealistic concept. Because between English Channel, and mainland Europe, there's 30 or 40 kilometers only, and it is going to be thousands of kilometers. TAPI is going to be very expensive”. And he further stated that IPI is economically viable, and a more realistic project as compared to TAPI. Similarly, the John’s Hopkins University’s Professor shared another perspective of this phenomenon of alternative projects. According to him, the Saudis would prefer if Pakistan was a buyer of oil.

And on the gas side, Qatar is a reliable gas partner, and [Qatar] would also not like to see Iran succeed too much. So, you [Pakistan] have options [of importing from Qatar] that are so much easier, except they're not neighbors. And neither of TAPI and Qatar pipeline are good options.

As it has been demonstrated Pakistan could not pursue work on the pipeline either due to the U.S. pressure, or due to its own instinct of honoring international laws. During the interview session, it has been discovered by interviewees that there could be a safer way for Pakistan to pursue the energy project, by including major regional powers in its construction. An international relations lecturer at Quaid-i-Azam University mentioned that if there could be China or somehow even Russia comes to that end [and finish work on the pipeline] and Pakistan could find it feasible.

A director of the Iran programs at the Middle East Institute, mentioned that if an external partner exists that can finish this pipeline that would be China. He shared:

If China pays for Pakistan [for the pipeline construction] because the Iranians have built the pipeline to the border, China could be the party that can help finish this project, and it will elevate China's position. It would bring money for the Iranians; it would help the Pakistanis. Iran is not on the United Nations sanctions. So, China can do it. It is not illegal for China to do it. That is the decision that the Chinese companies or the Chinese government must make. So, China still trades with Iran.

He further highlighted how the U.S. gave relief to India to get engaged in Iran's Chabahar seaport and continue energy trade and why the Chinese should come up to build this pipeline.

According to him:

There are strategic calculations that need to be made. The United States said to India to continue to be in Chabahar. The Trump administration gave Delhi an exemption. And that they don't have to worry about their sanctions, and invest in Chabahar, why? because they don't want the Chinese to take Chabahar...I can see why the Chinese might want to do it as part of their global attempt to push the United States out, region by region, in West Asia. The two countries that are most in need of China are Iran and Pakistan.

The main argument of this paper is that with energy trade, both Iran and Pakistan can come closer to each other. This process would enhance mutual interdependence and it will be a

stepping stone toward regional integration. All the surrounding countries have the potential to cooperate with each other, but to date they have not been able to because of security, strategic, and geopolitical reasons. This topic of integration and interdependence has a connection with the energy trade, and it was debated in the personal communication with key interviewees. A professor of Public Policy at NDU mentioned that energy trade happens in the entire world, and gas pipelines create economic interdependence and pacify the disputes among countries. Regional integration is possible if IPI is materialized. Similarly, the Head of the Department and Professor at the National Defence University (NDU), stated that it can play a role in regional stability.

A Deakin University researcher who did extensive work on different aspects of Iran-Pakistan relations shared:

This Iran-Pakistan-India pipeline could have been constructed 10 or 20 years ago. The proposal initially came in the 90s. If it was constructed before the start of this century, and India was getting all this gas through Pakistan, coming from Iran. I don't think the relationship would have reached that level of lowness. If there was a gas pipeline, I think both would have managed the relationship very well. Because they would have been dependent on each other.

During the data collection and analysis process, it has been revealed that one of the factors that is responsible for no progress on the energy trade between Iran and Pakistan was the Pakistani political parties, their mandate, and their polarization. The three prominent, relatively older parties, having millions of followers in Pakistan are Pakistan's People's Party (PPP), Pakistan's Tehreek-i-Insaaf (PTI), and Pakistan's Muslim League (Nawaz) or PMLN. Energy trade, and the pipeline particularly, had been politized by them to gain popularity among the masses.

According to a politician from a nationalist party of Balochistan and member of the upper house, "(PPP's) Asif Zardari signed this pipeline agreement in a rush, he shouldn't

have done this. It is not the right way to create problems for state (and the next government) while changing the government”. Similarly, an IR lecturer at Quaid-I-Azam University stated that Zardari played that stunt at the end. He couldn't do that in their whole five years terms. The lecturer showed pessimism about the role of the PPP. He mentioned, “Well, I will not be always optimistic. But the point is do you see any such bigger projects ever made by or taken by PPP's the government?”. A legislator from PPP from the lower house thought the other way around. He mentioned, “I have raised two or three questions on this pipeline project in the assembly. But I got a very weak and irresponsible response”. He further mentioned that the current government of PMLN is interested in liquid natural gas (LNG) project from Qatar. There is possibly billions of rupees commission in that project to the government. Similarly, another member from the upper house, from PPP pointed towards the increasing influence of KSA in Pakistan’s internal affairs, especially the energy matters. She said, “you can see why this government bypassed Iran and preferred Saudi's interests”.

Pakistan has deep ties with both KSA and the United States. And there are perceptions that these two countries are dictating Pakistan’s internal and external policies to a larger extent. This theme came up during the conversation, and then was raised as a question with other interviewees for their thoughts and views to see the magnitude of the influence of these powers. The question was asked from a legislator of lower house that whether Pakistan should prioritize national interests, and what could be the implications. He responded:

If we violate some parts of international laws and regulations, we are not doing bad thing, we are doing it for our national interest. Just like other countries are doing it. We are not doing anything which could jeopardize the lives of millions of people from other countries or human rights violations.

Similarly, a nuclear weapons expert from the Columbia University shared his views about this question and thought that Pakistan would be given a slight relief and would be allowed to continue and complete work on the pipeline. He mentioned that the next time there are sanctions for Iran, presumably Pakistan would be highly incentivized to finish construction as

fast as possible. It would be a policy priority of the Pakistanis and Iranians to try and finish the pipeline as best as possible.

CONCLUSION AND RECOMMENDATIONS

Pakistan is stuck in a strange relationship between the U.S. and Iran. The latter countries have a complex and antagonistic relationship which has affected trade development between Iran and Pakistan. Pakistan has good ties with both and cannot afford to lose either. Because of this, Pakistan is incurring huge costs by not materializing the energy connection with Iran, which would help it to fulfill its energy requirements, enhance its economic growth, and ultimately trigger human development in the country. The findings of this study confirm that Iran and U.S. are pursuing their interests, and because of that, Pakistan is suffering. Iran wants to stay powerful in the Middle East and have its hegemony there. This is not acceptable for the US and its allies there. The Iran-U.S. interplay puts a question mark on the status of Pakistan. Pakistan thus needs to rethink on the options available to it.

This research has taken the case of energy import from Iran, and that import option is not possible now. Pakistan is a sovereign country and thus has a right to take rational steps for the better interests of its people. Both the Pakistani government and its people think they are not independent in their decisions because the U.S. is dictating their policies and legislations made on the assembly floors of Islamabad. Pakistan needs to adopt safer and independent policies to pursue this goal of energy import from Iran while conducting good relations with both U.S. and Iran. However, trade with Iran is challenging as Iran is under sanctions, and negotiation has been going on between Iran and the new government in the U.S. with no conclusion so far.

The new government in the U.S. is in favor of restoring the JCPOA deal from which the Trump administration unilaterally withdrew. The Biden administration is currently in

negotiation to revive the JCPOA deal. If the deal comes back to life, it would be the best time for Pakistan to focus on the construction of the pipeline on an urgent basis. Sovereign nations take steps for their interests, and so should Pakistan. Pakistan and Iran will have to re-visit economic foreign policies towards each other. They must accelerate the negotiation process of the Iran-Pakistan gas pipeline and address other issues not dependent on the U.S. sanctions. Pakistan is on the weaker side of this process and will have to play an effective diplomatic role in Washington to receive a similar waiver from the U.S. which the U.S. granted to India, Turkey, China, and few others in the wake of its withdrawal from the JCPOA agreement.

The participation of India in the Iran-Pakistan project can increase the likelihood of its success. India's return can increase the pressure on Washington to minimize resisting the Iran-Pakistan project, in which case it can once again become an India-Pakistan-Iran project also known as the "Peace Pipeline". Pakistan has been an important U.S. ally in the War on Terror (WoT). Pakistan had been indirectly affected not only by the U.S. sanctions on Iran, but directly due to the WoT on its soil. The U.S. policymakers are aware of this situation and consider Pakistan an important partner. Thus, Pakistan can leverage this position to demand from the U.S. some energy alternatives. The U.S. could potentially do it by supporting Pakistan with renewable energy development and with development of natural gas access. This paper has highlighted the pessimism shown by both legislators and academics. They are the key people to build and shape narratives. Finally, the findings of this study also suggest that Iran and Pakistan relations could take a sour turn if trade is not pursued diplomatically.

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There is no conflict of interest to declare.

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The author developed this manuscript alone.

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