

LITIGIOUS CONCERNS RELATED TO IRAN-PAKISTAN-INDIA GAS PIPELINE

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Abstract

The (IPI) Iran-Pakistan-India gas pipeline project, revived in the upshot of the nuclear deal with P5+1 nations and Iran, pursues to direct Pakistan's mounting energy demands and boost bilateral trade interactions. India and Pakistan are in dire need of resources for energy consumption in agriculture, manufacturing, industry and domestic use; IPI can become an economic engine to boost growth and lead South and East Asia towards the course of development. The presence of an already constructed portion of the pipeline in Iran would be a resource loss if Pakistan and India follow the U.S. and Saudi-Arabia instructions. Though, the project is entwined in a complicated web of geopolitical, authorised, and economic encounters, incorporating global restrictions, bilateral disagreements over pricing, defence risks, and monetary constraints. This study gravely examines the litigious concerns about the IPI gas pipeline and gives a valuable recommendation for its prosperous execution. Directing the niceties of global sanctions, county conflicts, and economic restrictions, the IPI gas pipeline signifies a nuanced connection of economic benefits and geopolitical subtleties, dictating a detailed understanding for projecting a feasible path concerning project recognition.

Keywords: IPI Gas Pipeline, Iran-Pakistan-India, Global Restrictions, Energy Demand, Bilateral Disagreements.

Introduction

The Iran-Pakistan-India (IPI) gas pipeline, also recognized as the Peace Pipeline, is a projected mission intended to transport natural gas from Iran's South Pars gas discipline to India and Pakistan.¹ Projected to span over 2,700 kilometers, the pipeline is proposed to increase energy security and economic collaboration among the three nations. Primarily conceptualized in the 1990s, the IPI project has encountered several challenges, including geopolitical conflicts, economic sanctions, and security in Iran. Despite these

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obstructions, the pipeline remains a sign of potential regional collaboration and a critical infrastructure project for directing energy shortage in South Asia. India and Pakistan need resources for energy consumption in manufacturing, agriculture, and domestic use. IPI can be an economic engine that increases growth and leads South and East Asia towards development. The role of energy and its sources in the social and economic sector is stated, as they foster the creation and results not only in economic literature but also in physical sciences. In the production sector, the use of energy gives an increasing return to scale, so it can improve the economy more than any other factors of production. Firms need different energy sources to run, and the machines operational in the industries and manufacturing firms require capital in the form of energy, and for this, a country should possess several energy sources. Careful attention should be paid to discovering new and renewable sources so these may not come into shortfalls. Pakistan is rich in minerals and energy resources but, unfortunately, is void of good governance and management implications. The reason, as a result, is found regarding the speedy, prosperous and progressive economy. Pakistan is not in a condition to produce and explore its own resources and the 'Energy Crisis' has got a lot of attraction in this region. It is cheaper compared to other agreements like TAPI (Turkmenistan-Afghanistan-Pakistan-India). Internal issues regarding Baluchistan's confidence are as important as the external ones, like U.S. intervening sanctions for smooth growth and developed economies in the region.

Historical Background

IP pipeline was a youthful dream first conceived by a young Pakistani civil engineer, After 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 of India revisited the idea in 1989.² In 1989, the acting deputy foreign minister of Iran, Ali Shams Ardekani and the director general of the Tata Energy Research Institute, R.K. Pachauri formally discussed this pipeline. For India, a natural gas pipeline was the most viable option to meet its energy requirements.³ The basic plan was to bypass Pakistan, making an underwater pipeline through the Persian Gulf. For this

purpose, an Italian company was contacted to conduct the survey to check the feasibility of the project having a 3000m deep pipeline to avoid the Pakistan Exclusive Economic Zone. The result of that survey made the two states realise that it is an unrealistic investment, involving too many technical difficulties.

With Pakistan, this Gas Pipeline project has been under discussion since 1994. Though Pakistan did not take an interest in the project in the beginning, after the realisation of the fact that the construction of this gas pipeline would not only be in its national interest but also for the security and stability of the state, it, therefore, agreed to the pipeline. Thus, a preliminary agreement was signed in 1995, while in February 1999, a bilateral agreement between Iran and India was signed to extend the pipeline from Pakistan to India, and the project was termed the Iran-Pakistan-India Pipeline (IPI), which is now being described as a “Peace Pipeline” project by the experts.⁴

In 2001-2002, the then chief executive of Pakistan, Pervaiz Musharraf, took this project only as a transit pipeline, playing the role of facilitator, collecting fare in lieu of using Pakistan’s land, as at that time our country was in no such demand. In 2004, India refused to join the pipeline on the pretext that until relations between the two states were smooth, India would not take gas from Pakistan, as at the time of conflict, there was no guarantee that Pakistan would not cut off India’s gas supply. At that time, the Musharraf government took many peace-building measures, like the Confidence-building measure and *Aman ki Asha*, to build mutual trust between the two neighbours. But in 2008, after constructing a civil-nuclear deal with the US to answer its energy demands, India officially withdrew from the IPI gas pipeline project, which is now the Iran-Pakistan gas pipeline, IP pipeline.

In 2005, Pakistan started facing an acute energy shortage, and the pipeline became a lifeline for Pakistan’s rising energy demands. After India’s withdraw, Pakistan turned towards China for the support of the pipeline as well as to partner it. America, on the other hand, started pressurising Pakistan to either withdraw from the project or to get ready to face sanctions like that of Iran. Neglecting the US threats, Pakistan continued with the project, considering it a matter of its national interest. Thus, in March 2010, a formal agreement was signed between Iran and Pakistan in Ankara, and in July 2011, Iran declared that it had completed its part of pipeline

construction. However, in 2012, three important entities, namely, the National Bank of Pakistan, Commercial Bank of China and OGDCL, pulled out of the project on the pretext of threats of sanctions from the US. Despite US warnings, the pressure from Saudi Arabia, and the acute financial crisis, in March 2013, under the presidency of Asif Ali Zardari, a ground-breaking ceremony for the pipeline project took place. The US-Iran nuclear deal of 2015 has changed the whole scenario drastically. Also, the starting of CPEC with China has given bright prospects to the pipeline project. China has proposed, on several occasions, funding as well as building the gas pipeline on Pakistan's side of the border. The Nawabshah-Gwadar LNG project, roughly lying on a similar route, seems to be the best option for constructing the IP gas pipeline.

Currently, Pakistan has given Iranian authorities a certain set of amendments to the Gas Sale and Purchase Agreement (GSPA) as a pre-requisite to affiliate it with the LNG project. On the other hand, the Iranian government, on account of its deep rooted ties with Pakistan, has remained patient and agreed to start negotiations regarding a delayed schedule of the construction work.⁵

Comparative Analysis of Previous Studies

The Iran-Pakistan-India (IPI) gas pipeline has gathered substantial policy and academic attention due to its capability to address regional energy shortages and promote geopolitical and economic collaboration. However, the project encounters various challenges, including legal constraints, geopolitical tensions, and external opposition, mainly from the United States. This section gives a comparative analysis of prior studies to emphasize the diverse prospects for the project's feasibility, benefits, and challenges.

Asghar *et al.*, (2007) evaluated the energy participation in Asia and adjacent countries since the 1970's the world is facing a serious setback in this regard.⁶ The study throws light on the project of the Iran-Pakistan-India gas pipeline, which is considered Confidence Building Measure (CBM) for India and Pakistan. The only outside force which is showing disinterest in this project is the United States of America as an opposition to Iran. Pakistan and India are facing pressure from America not to join this project, so Iran may not be an attraction in the world as a big resource supplier. The study has judged different situations for both the beneficiaries (India and Pakistan) by

following the model in which it proved that the collaboration and cooperation of both nations is beneficial from economic and social perspectives. For Pakistan, gas will be available at a cheaper rate through this pipeline compared to the Arabian Sea trade and underground supply pipeline. Side by side, Pakistan can generate income through duty charged for supplying this gas to India. Pakistan can meet its 47% deficit in energy consumption for 2006, and India can save its economy setback for want of energy reserves. By analyzing various situations, the IPI project stands viable and beneficial for three nations: Iran, Pakistan, and India.

Maleki (2007) pointed out the severe opposition of the United States of America to the IPI gas pipeline.⁷ The relations between the Persian Gulf and the subcontinent are old, but Iran and India's collaboration has recently been viable in the fields of investment, commerce and industry. IPI is one of the important nexuses for Iran again to restart a boosting and growing economy in the region in commerce, industry, education and health sectors. On the other side, India is in dire need of energy sources to boost its economy by getting help from Iran's vast oil and gas reserves. India is interested in finding some sources of linkages with Iran's energy resources through other routes like Russia. India and Iran, besides the heavy opposition of the U.S., are consistent in their decision to start a new initiative regarding the 2670 km Iran-Pakistan-India gas pipeline

Abbas (2012) critically evaluated the pivotal position of Pakistan in future for the two big energy projects, the TAPI and IP gas pipelines.⁸ TAPI includes Turkmenistan, Afghanistan, Pakistan and India, which will provide 33 billion cubic meters of gas to its consumers per year, whereas in IPI, Iran, Pakistan, and India are shareholders to utilize the resources effectively and diminish its dearness for the resources. It is beneficial for Pakistan to stay with TAPI and IP side by side in the initiative steps with China collaboration and turning the IP project towards IPC (Iran-Pakistan-China) as China is playing a great role in the energy projects through Gwadar port. Hence, the cooperation of Baluchistan leaders is essential for the smooth working of the projects.

Munir *et al.*, (2013) emphasizes the importance of the Iran-Pakistan gas pipeline, called the 'energy lifeline' for boosting the economy of the region.⁹ Geographically, Pakistan is situated at a very suitable place for trade and linkages with the rest of the world. It can get cheaper gas resources to

flourish the economy as well as a profitable export market for Iran. The United States of America and the United Nations pressurize Iran for their nuclear projects and other treaties for their own concerns. The study is analyzed critically with reference to Pakistan, whether it suits her economic prosperity and social solidarity in the region and the world or not. 781 km gas pipeline was to be completed in 2012 in Pakistan, which will supply 750 million cubic feet of gas daily. Hence, Pakistan can meet her remaining 61% of energy consumption in this way. Pakistan, in this connection, also faced extreme opposition from the side of the U.S. Pakistan is in dire need of plantation of this pipeline for future demand for domestic and commercial purposes side by side with other projects like the TAPI gas pipeline and cooperation with China and Qatar. Despite the fears of the U.S. and U.N., the government of Pakistan is determined to foster its economy and continue the project of the IP gas pipeline.

Bhat (2014) analyzed the position of Iran to become a prominent place in the region in the context of the Iran-Pakistan-India (IPI) gas pipeline.¹⁰ India and Iran seek to attract each other based on huge oil and gas resources and rapid demand for investment in energy as well as in the social sector, respectively. In 2001, Atal Bihari Vajpayee's relations started to smooth and they collaborated with the neighbouring countries. India is interested in covering its 3.2% deficit in oil and 1.1% in gas supply; otherwise, its economy must face a serious setback. The export of gas through IPI, Iran can explicit her global and regional importance. After the completion of the pipeline in Pakistan's region in 2012, this cheaper pipeline will give 8.7 to 40 to 55 billion cubic meters of gas per annum to Pakistan and India. Pakistan and India both will benefit from this pipeline for economic growth, and this can improve the relations and reduce the conflicts between Pakistan and India, called the 'Peace Pipeline'.

Sajjad (2008) discussed the peace and prosperity impacts between Pakistan and India after collaboration in the IPI gas pipeline project.¹¹ The study sheds light on the economic progress of both the counties and solves the disputes over the separation of India and Pakistan. The benefits of the IPI project are admitted for the countries as both must rely on gas reserves for the consumption in agriculture, transportation, industry and domestic purposes, so indirectly, this agreement can leave a peaceful and friendly environment between both, which can make positive possibilities of regional

peace, stability and harmony between two nations. Intervening disturbances from the rest of the world, especially the United States' lack of trust, peace and economic progress, will be under threat. Thus, the agreement of IPI will not only bring economic prosperity but will prove a Confidence Building Measure (CBM) for India and Pakistan.

Mazhar and Goraya (2013) discussed all aspects of the IP gas pipeline, from its emerging talks to the present state.¹² The paper has focused on the key issues regarding IP projects as it throws light on their economic as well as social impacts, advantages to the regional countries and controversial concerns regarding construction and collaboration. This project will be beneficial in the sense that it would be a peace pipeline which will become a mediator to resolve the conflicting issues between Pakistan and India. Three countries are determined to continue to adhere to the IPI project besides external powers like the United States of America. Iran and Pakistan will face a win-win situation as Pakistan can come out from energy deficiency and Iran will have a market to dump its gas resources. Both will earn profit and boost their economies. Pakistan can boost their economy at a cheaper rate compared to other options.

Raza (2017) pointed out the IPI gas pipeline project-initiated dream of Aftab Ahmed, a Pakistani civil engineer, towards its current state.¹³ Ali Shams Aderkani, the former Deputy Foreign Minister of Iran, decided to extend the plan with India to 1989 in a discussion with Rajendra K. Pachauri. However, India withdrew from IPI in 2008 because of the conditions laid by the US as India entered into a nuclear agreement with the U.S. in that period. Currently, it has a great appeal for Pakistan as this pipeline can be linked with CPEC, which Pakistan signed with China in April 2015 because both are passing through the same location, Gwadar. It is giving a green signal of economic prosperity for Pakistan's economy.

Status of IPI Gas Pipeline

Pakistan Public Accounts Committee has stated its concern that in May 2023, the country will have to forfeit a huge penalty of \$18 billion if it fails to finish its share of the IP Iran-Pakistan pipeline project by February-March 2024.¹⁴

In August 2023, Musadik Malik, the Minister of State for Petroleum, notified the National Assembly that Pakistan has halted the completion of the

pipeline until the international sanctions are lifted on Iran. The government of Pakistan relates to US authorities via diplomatic channels to take an exemption for the project.¹⁵ Iran has informed the visiting Pakistani official delegation that the sanctions on Iran by the US are illegal, and Pakistan should start working on the gas pipeline in its terrain by February-March 2024 as postulated in the amended agreement, a senior official of the Ministry of Energy told The News.

Litigious Concerns Regarding Iran-Pakistan-India Gas Pipeline

The IPI gas pipeline plan has encountered various litigious concerns over the past few years. The project directs the supply of gas from Iran to Pakistan and India, with prospective energy and economic benefits for the contributing nations. However, various geopolitical and legal issues have hindered the development of the project:

- **Global Sanctions:** Iran has faced international censure because of its nuclear program, making it hard for international enterprises and financial institutions to contribute to the project without harming these sanctions. It has formed legal encounters in terms of discovering appropriate collaborators and finance for the pipeline. The geopolitical condition of Iran, observed by global sanctions, establishes an extra layer of complication. Alliance with the state under international inquiry induces questions regarding prospective economic implications and diplomatic insinuations for contributing nations.¹⁶
- **Bilateral Conflicts:** There have been clashes between Pakistan and India, as well as Iran and India, on the cost of gas and transportation fees. Solving these clashes needs legitimate negotiations and treaties between the included countries, which can be complicated and Protracted.¹⁷
- **Geopolitical Unease:** The pipeline corridors through states with geopolitical disputes, like the boundary area between Pakistan and India. These hostilities originate legal troubles concerning the safety of pipelines and security of infrastructure, compelling legal outlines to direct prospective conflicts. The IPI gas pipeline is exposed to the extensive subtleties of international geopolitics, with outer performers inducing decision-making and possibly hindering the

advancement of the project. The basal contests relate to the historical geopolitical frictions between Pakistan and India. The fair allocation of reserves and pricing deals have been topics of dispute, inducing matters about the pipeline's viability and lasting sustainability.¹⁸

- **Domestic Obstruction:** Each country has internal obstructions to the pipeline project. Land acquisition disputes, pressure from different interest groups, and environmental concerns lead to legal challenges and slow down the project's performance.¹⁹
- **Altering Political Landscape:** Political shifts in the contributing countries lead to policy moves, renegotiations, or abandonments of contracts, which can lead to legal complications and suspicions.²⁰
- **Rivalry Relates:** The historic rivalry between Pakistan and India includes a tier of intricacy to the project, with effects about the moderate allocation of resources and prospective disagreements over pricing
- **Security Challenges:** The pipeline corridors through territories with geopolitical stresses and security relates raise queries about the security of the infrastructure and the consistency of energy supply. The purported track of IPI gas pipeline routes through territories embodied by geopolitical instability. Security issues, containing prospective troubles to the infrastructure and consistency of energy supply, pose substantial obstacles to the effective implementation of the project.²¹
- **Financial Constraints:** External economic circumstances, including variations in oil prices and international economic suspicions, squeeze the project's financial feasibility.²²

To resolve these litigious matters, the contributing countries need to engage in massive legal discussions, prepare vigorous agreements, and guarantee accordance with global laws and regulations. Defeating these challenges requires cautious legal projection, collaboration, and negotiation between the participating countries.

Recommendations

- Pakistan should construct a pipeline to meet the increasing energy demand and gain some economic benefits. The pipeline would also provide a transit route either to India, China, or another state.
- Persuade diplomatic strengths to discuss geopolitical conflicts and encourage discussion between the concerned nations. This comprises trying to pinch or reduce sanctions on Iran to ease the project.
- Execute strong security actions for the pipeline's route. Collaboration between participating nations is essential to guaranteeing the protection of the infrastructure.
- Form a transparent and smart economic model for the project to appeal to investors. Governments must work on creating a beneficial environment for the private sector's participation.
- Develop broad mitigation risk plans to focus on potential confronts. These plans should include eventuality projects for political changes, economic fluxes, and any unexpected events that may influence the project.
- Pursue funding and cooperation from neighbouring countries and international organizations to boost the project's stability and victory.
- Form an obvious legal structure for the project, involving dispute resolution methods. This can guarantee investors and participants that their interests will be protected.
- India and Pakistan should cooperate with one another regardless of libel so that they might take gains from their neighbouring nations. For formidable and successful economies, a massive obstacle is the internal problems faced by Pakistan and India with one another specifically. It not only establishes a peaceful environment but also meets economic well-being.

Conclusion

The Iran-Pakistan-India (IPI) gas pipeline project epitomizes a multifaceted interaction of economic, geopolitical, and legal aspects that demand cautious

consequences and tactical strategy. The reinvigoration of this plan is a testimony to altering subtleties in the global arena, specifically after the atomic deal with Iran and successive economic obligations by P5+1 nations. The expectation of focusing on framing energy demands, encouraging increased bilateral trade interaction, and participating in economic development has taken the pursuit of the IPI pipeline. However, the litigious apprehensions defined in this analysis emphasize the tricky challenges that should be traversed. From international sanctions on Iran to bilateral fracas over pricing and fees, and from local opposition to geopolitical conflicts involving security, the envision is stuck in a complicated vane of issues. The persistent dispute between Pakistan and India combines an extra tier of ambiguity, specifically contemplating their historic contention. Tackling these matters needs a complicated method. Diplomatic attempts are necessary to alleviate geopolitical hostilities and encourage dialogue between the implicated countries. Vigorous security instruments must be employed to guarantee the security of pipeline infrastructure. Fostering visible and alluring economic models, along with broad risk modification plans, is critical for appealing to investors and directing possible challenges. Transnational cooperation with associations and neighbouring states, boosts the stability and triumph of the project. The formation of an apparent legal context, containing disagreement resolve procedures, is overriding to presenting guarantee to investors and sponsors. In the elevation of these confronts, the recommendations presented aim to direct the contributing countries to a more protected, cautiously feasible, and subtly sound functioning of the IPI gas pipeline. The effective implementation of a project has the ability not only to direct energy needs but also to raise local collaboration and economic growth. As the states implied progress, the cautious concern about these recommendations will be fundamental to choking the litigious concerns and recognizing the full perspective of the Iran-Pakistan-India gas pipeline.

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