

Iran-Pakistan gas pipeline stalled

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A \$7.6 billion Iran-Pakistan gas pipeline remains stalled amid continuing US-led sanctions against Tehran over its nuclear program, and the threat of penalties for any company that participates in the project. Uncertainty over the pipeline is another symptom of sharpening regional rivalries as Saudi Arabia seeks to strengthen ties with Pakistan and Iran turns towards India.

There are obvious signs of frustration in Tehran. Iran has completed its 900-kilometre section of the pipeline, from the South Pars gas field to the Pakistani border. In December, Iran's Deputy Oil Minister Ali Majedi threatened to invoke the penalty clauses of the agreement signed in Ankara between Iran and Pakistan in March 2010.

Under the agreement, construction of the pipeline is due to be completed by the end of 2014. Either side is liable for a penalty of \$US1 million a day if it fails to meet the deadline. Pakistan is yet to begin work on its section of the pipeline.

Washington has repeatedly expressed its opposition to the pipeline, ever since the project, which initially also involved India, was first proposed in 1994. From the outset, the US insisted that Pakistan and India had to look elsewhere for energy supplies. Under pressure from the US, India withdrew from the project in 2009 after signing a nuclear pact with Washington, legitimising its nuclear weapons and giving it access to US nuclear technology.

Despite continuing American threats, the Pakistani government proceeded with the Ankara deal, in January last year approving a \$1.5 billion deal with the Iranian government to build the 785-kilometre section within Pakistan's territory. The funding was to be split three ways between Iran, China and Pakistan. The US State Department responded the following day by again threatening Islamabad with sanctions.

Pakistani President Asif Ali Zardari and his Iranian

counterpart Mahmoud Ahmadinejad inaugurated construction work in March 2013, but the project stalled. Various foreign corporations expressed interest in the project but backed off under US pressure. According to an article in this week's *Frontier Post*, Pakistan's Oil and Gas Development Corporation and the National Bank of Pakistan reportedly withdrew from the project because of the fear of US sanctions.

The US reaffirmed its threats following the interim nuclear deal reached last November between Iran and the P5+1 grouping (the US, Britain, France, China, Russia and Germany). "It's my understanding there's no change in position," State Department spokesperson Marie Harf declared last month, insisting that the deal "maintains the core architecture of oil, banking and financial sanctions in place."

The Obama administration will place onerous conditions on Tehran before any comprehensive agreement is reached. Washington's real aim in the P5+1 talks is to ensure the subordination of Iran to US economic and strategic interests in the Middle East and Central Asia. One aspect is the promotion of alternate pipelines, such as the Turkmenistan-Afghanistan-Pakistan-India (TAPI) project, which exclude Iran and involve major US energy corporations.

The Pakistani government of Prime Minister Nawaz Sharif, which was elected last June, is attempting to manoeuvre between various competing interests. After coming to office, Sharif assured Iran that his government was committed to the IP pipeline, but at the same time announced an interest in the TAPI pipeline—despite its passage through politically unstable Afghanistan.

Growing ties between Saudi Arabia and Pakistan also appear to be a factor in Pakistan's stalling on the IP pipeline. Saudi Arabia, which regards Iran as a dangerous regional rival, is bitterly opposed to the interim agreement between Iran and the P5+1 and has

embarked on its own diplomatic offensive to isolate Iran. Nawaz Sharif has longstanding ties with Saudi Arabia which, after his ousting in the 1999 military coup, pressed Islamabad to release him from jail and allow him to go into exile.

Saudi's Foreign Minister Prince Saud Al Faisal made a trip to Pakistan last month—the first top-level Saudi official to do so in six years. According to the Saudi officials, Saud Al Faisal has been seeking Islamabad's support to establish a 100,000-member Gulf Cooperation Council (GCC) military force to counter the threat from Iran. Saudi Crown Prince Salman bin Abdul Aziz Al-Saud, who is also the country's defence minister, is due to visit Pakistan next week.

As relations with Pakistan cool, Iran has been looking to Islamabad's rival India. The Indian-based *Hindu* reported in December that Iran had indicated interest in the Middle East to India Deepwater Pipeline (MEIDP) that would run directly across the Arabian Sea, from Oman to India, bypassing Pakistan. According to the *Hindu*, Ali Amini, the director of marketing at the National Iranian Gas Exports Company, announced that agreements have already been reached with three Indian companies for the sale of gas.

India and Iran already have significant ties. India expressed interest in the development of a deep-sea port at the Iranian city of Chabahar as far back as 2002, partly in response to the construction of a deep-water port at Gwadar, Pakistan by China. Since then India has been involved in the development of the Iranian ports of Bandar Abbas and Chabahar and the building of rail and road links from Afghanistan to the Iranian border.

The development of a Chabahar port and transport route gained momentum with unveiling of India's Connect Central Asia policy in 2012. New Delhi was also prompted by the takeover of the Gwadar port by the Chinese state-owned firm from a Singapore-based company. India regards China as a regional rival that is encroaching in the Indian Ocean which New Delhi regards as its sphere of influence.

India's immediate aim is to connect India through Chabahar and Bandar Abbas ports in Iran to Bamiyan in Afghanistan and Bandar Anzali on the Caspian Sea. The port and the transport corridor running northward through Iran and Afghanistan will link India to Central Asia, Russia, and eventually European markets. It is

estimated that after completion it will reduce the distance by 40 percent and cost by 30 percent compared to the currently used Indian Ocean-European transport route via the Red Sea, Suez Canal and the Mediterranean.

Under the US-led occupation of Afghanistan, India has significantly increased its economic involvement and diplomatic presence in Kabul, in part to undermine Pakistan's long-standing influence. Access through Iran to Afghanistan—avoiding Pakistan—is thus vital to its ambitions in Central Asia. Iranian Foreign Minister Javad Zarif met with India's national security adviser late last month on the side lines of the Munich Security Conference to discuss Afghanistan.

The stalled IP pipeline is symptomatic of sharpening tensions and realignments throughout the region—a product above all of Washington's reckless wars and interventions over the past decade.



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