

# The peace pipeline

1994 to 2014: As the tumultuous ‘peace pipeline’ story nears its 20th year, Pakistan has struck a multi-billion dollar deal with Tehran to import Iranian gas, despite threats of US sanctions. And India’s presence looms in the shadows.

by Stella Morgana

**M**arch 2013, the Iran-Pakistan border. The tricolour Iranian flag decked with praise to Allah, and Pakistan’s green flag with the white half-moon symbolising the country’s independence, are painted on large black pipes. Mahmoud Ahmadinejad and Asif Ali Zardari, the two presidents stand before them beaming as they unveil the shimmering plaque inaugurating the final phase of the Iran-Pakistan (IP) pipeline. It is scheduled to start delivering 21.5 million cubic metres of gas every day from Iran’s South Pars reserves to Pakistan in December 2014.

The ‘peace pipeline’ starts from the Iranian town of Asalouyeh, in the Persian Gulf, and was supposed to reach New Delhi, India, thus improving the far from idyllic relations between Teheran and Islamabad, and uniting historic enemies Pakistan and India in the process. However, the latter withdrew from the project in 2009, under pressure from the United States. This decision also followed the terrorist attacks in Mumbai in December 2008 in which Pakistan’s allegedly had a hand. Instead, New Delhi decided to sign a civil nuclear agreement with Washington, closing its doors to the pipeline, deemed “too expensive”.

In recent months, however, India seems to have changed its tune. The Minister of Petroleum and Natural Gas, Veerappa Moily, called the IP pipeline “advantageous” for his country: “We are engaged in...talks with Iran and also

with the US. This project is beneficial to our country”, he said.

The pipeline – two thousand kilometres long with a seven billion dollar (€5.4 Bln) price tag – will connect Iranian gas reserves in the Pars Special Energy Economic Zone (PZEEZ), an industrial complex of 100 square kilometres, to the one in Nawabshah, Pakistan. Teheran has already built over 900 kilometres of the pipeline on its territory. The rest is up to Islamabad: the pipeline will contribute approximately 5% to Pakistan’s GDP, creating 10,000 jobs during the construction phase and around 3,000 when up and running.

However, the pipeline’s long history has been plagued by delays, false moves and backpedalling. Problems include the price of gas, always a contentious issue with Iran; India’s mistrust of Islamabad; and US pressure on Pakistan and India to isolate Iran, backed by promises, new funding and aid for local projects.

Successful in India, Washington still has its work cut out to convince Islamabad. Zardari, whose presidential term is up in September, wants to keep America and the legacy of Pervez Musharraf, considered the ‘West’s moderate friend’, at arms length. He wants to shrug off American paternalism so he’s begun to protest against the US drone raids in Pakistani territory. “He wants to prove he can challenge United States’ foreign policy”, say some Pakistani commentators.

However, Islamabad decision’s to go with the pipeline and ignore US pressure is not only due to Zardari’s astute geopolitical calculations. Pakistan is 5,000 megawatts short of electricity and its population has to live under the constant threat of blackouts.

So far, all of Washington’s proposed ‘alternative’ energy solutions for Islamabad have been contemptuously rejected, including an ambitious project to create a gas pipeline running from Turkmenistan to India, via Afghanistan



Beginning in December 2014 the Peace Pipeline will carry 21.5 million cubic metres of gas from Iran to Pakistan.

and Pakistan. For its part, America has warned Pakistani authorities: if and when the IP pipeline is completed, the US will impose sanctions on Pakistan for siding with rogue Iran.

With Pakistan caught between two fires it's practically a given it will get burnt. If it continues pursuing its current course and launches the pipeline, it will become a Teheran ally and have to suffer US sanctions. No pipeline instead means power shortages, a disgruntled population without electricity, and being accused of bowing to American pressure.

Iran, on the other hand, will continue bearing up to the anti-nuclear sanctions still being imposed by the Obama administration. The commissioned pipeline will produce hard currency for the Islamic Republic's impoverished economy and improve diplomatic relations between the two neighbouring countries, strained by the historic distrust between Iranian Shiites and Pakistani Sunnis.

Judging from Ahmadinejad's recent statements, for Teheran the pipeline is close to completion. "No foreign interference will be able to affect our historic and brotherly relations", said the Iranian president. "The pipeline is a symbol of Pakistan and Iran's independence from those

who only aim to humiliate us and break us apart. You can't make an atomic bomb with natural gas. Those who oppose the pipeline have no reason to do so; they are merely trying to hamper our progress".

Like the Islamic Republic of Iran, which has been keeping America firmly at arm's length for over 30 years, Pakistan too would free itself once and for all from western energy sources if the pipeline became operational.

If Teheran and Islamabad are united by the IP umbilical cord, they will also have to deal with the stabilisation of Afghanistan following the withdrawal of American troops. And if the pipeline story has a happy ending, Pakistan will become Iran's second largest international gas client after Turkey, bound by a take-or-pay contract, meaning it will have to pay for a set amount whether it collects the raw material or not.

However, given that the IP pipeline's imminent inauguration has been officially announced at least a dozen times since 1994, no doubt there will be yet another plot twist in the offing. And it could be India, as much Washington's friend as it is desperate for energy, that surprises its great ally and jumps back into the game after four years on the sidelines. **E**