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## **On the Iran-Pakistan-India Pipeline**

**By**

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The US\$ 7.5 billion Iran-Pakistan-India gas pipeline<sup>1</sup> has once again hit the headlines after senior US officials reiterated American reservations over resumption of talks with Iran over the deal. The 1700 mile long pipeline is projected to bring natural gas from the South Pars Gas Fields in Iran to India through Baluchistan in western Pakistan.<sup>2</sup>

In a March meeting of the 12<sup>th</sup> International Energy Forum at Cancun in Mexico, Petroleum Minister Murli Deora expressed India's desire to restart talks with Iran which had been stuck since 2007. Following this, Robert O. Blake, Assistant Secretary for South and Central Asian Affairs in the US State Department, was reported to have said, 'This is a sensitive time in negotiations with Iran and we would prefer all countries not conduct such transactions with Iran at this time.'<sup>3</sup> For its part, the Indian government pointed out that its focus is energy security; Petroleum Secretary S Sundareshan added: 'It's basically going to be a business decision at the end of the day.'

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<sup>1</sup> 'Pakistan, Iran finalizes gas pipeline deal', *Tehran Times*, 29 April 2008.  
[http://www.tehrantimes.com/Index\\_view.asp?code=167375](http://www.tehrantimes.com/Index_view.asp?code=167375)

<sup>2</sup> 'IPI vs. TAPI', *Forbes Magazine*, 21 July 2008.

<http://www.forbes.com/global/2008/0721/028.html>

<sup>3</sup> 'India snubs US over Iran pipeline', *Hindustan Times*, 2 April 2010.

<http://www.hindustantimes.com/News-Feed/india/India-snubs-US-over-Iran-pipeline/Article1-526431.aspx>

After it was revealed that India had conveyed to Iran its desire to restart the pipeline talks, Pakistan stated it would ensure the safe delivery of gas to India at its border. Pakistan's Minister of Petroleum and Natural Resources Mohammed Chaudhry Ejaz, who is in charge of the deal, said any disruption in the pipeline would hurt even Pakistan's interests. 'We have already built in provisions for such guarantees (safe delivery of gas) in the gas transportation agreement we signed with Iran earlier this month. It has been notarized in Paris under international conventions. This should convince India of the sincerity of our offer.'<sup>4</sup> He also proposed equity participation for India in the pipeline through the state-owned Gas Authority of India Limited (GAIL) India. These developments come at a time when India has expressed an interest in exploring the under-water option rather than the overland pipeline through Pakistan.<sup>5</sup>

### Background to the IPI Pipeline

The pipeline deal was signed by the three countries in June 2005 in Tehran. In the following years some progress was made and in 2007, it was reported that talks had reached the final stage where technical aspects were being looked into.<sup>6</sup> However since then, talks have been stalled on account of a host of issues including, tariff formula, transportation costs and security concerns.

At the bilateral level with Iran, the main hurdle has been the price of gas where both the countries could not reach a common ground. In a statement in the Rajya Sabha on 20 July 2009, Petroleum and Natural Gas Minister Murli Deora also mentioned other areas where differences exist: 'India wanted guaranteed supply of gas and to take delivery at its border with Pakistan, but Tehran and Islamabad had agreed on handing over custody of gas at the Iran-Pakistan border.' Custody transfer at the Pakistan-India border would make Iran liable for the safe passage of gas through Pakistan's territory.<sup>7</sup> But India is concerned about the safety of supplies especially since it passes through the Baluch areas where there have been instances of sabotage of pipelines in the past. The terror attacks in Mumbai on 26-29 November 2008 have been identified as yet another reason for India giving its neighbour the cold shoulder.

Due to these differences nothing concrete has been decided in the past three years. Meanwhile, in March 2010, Iran and Pakistan signed a bilateral agreement for laying of gas pipeline for the two

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<sup>4</sup> Sanjay Dutta, 'Safe passage for Iran gas: Pak', *The Times of India*, 2 April 2010. <http://timesofindia.indiatimes.com/india/Safe-passage-for-Iran-gas-Pak/articleshow/5752246.cms>

<sup>5</sup> Amitav Rajan, 'Ignore Pak, ask Iran for gas via sea: MEA', *Indian Express* (New Delhi), 21 March 2010, <http://www.indianexpress.com/news/ignore-pak-ask-iran-for-gas-via-sea-mea/593543/>

<sup>6</sup> 'IPI gas pipeline talks in final stage', *The Times of India*, 6 September 2007. <http://timesofindia.indiatimes.com/world/middle-east/IPI-gas-pipeline-talks-in-final-stage/articleshow/2344116.cms>

<sup>7</sup> 'No bowing to pressure on IPI pipeline project: Deora', *The Hindu*, 21 July 2009. <http://www.thehindu.com/2009/07/21/stories/2009072155921100.htm>

countries. But both parties insisted the provisions of the agreement were such that India could join in later.

### **The US Interest**

When India expressed its desire to restart talks on IPI pipeline with Iran, the US, in a statement said it would rather not have any state engage in such talks with Tehran because of the latter's non-cooperation on 'international obligations and international concerns about its nuclear programme.' Iranian relations with the US have deteriorated not just because of the nuclear issue but also over the former's support to Hamas and Hezbollah against Israel. In its efforts to isolate Tehran, the pressure the US has also exerted pressure on Pakistan, with Blake stating that Washington 'has encouraged our friends in the government of Pakistan to try to seek alternatives.'<sup>8</sup>

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**Editor, MEI India Digest: P R Kumaraswamy**

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<sup>8</sup> US targets Iran-Pak gas ties, *The Economic Times*, 3 April 2010.  
<http://economictimes.indiatimes.com/news/politics/nation/US-targets-Iran-Pak-gas-ties/articleshow/5756178.cms>