PAKISTAN-IRAN RELATIONS SINCE 2005-2015:
POLITICAL AND ECONOMIC DIMENSIONS

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DEDICATION

This work is nicely dedicated to my parents;

Especially to my father Syed Jaffar Hussain Shah (Late)

&

To my wife & dear sons Shabeeb Ul Hasan Syed & Muneeb ul Hasan Syed
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### ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>ACU</td>
<td>Asian Clearing Union</td>
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<td>ADB</td>
<td>Asian Development Bank</td>
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<td>CARs</td>
<td>Central Asian Republics</td>
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<td>CAS</td>
<td>Central Asian States</td>
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<td>CBM</td>
<td>Confidence Building Measures</td>
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<td>CBR</td>
<td>Central Board of Revenue</td>
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<td>CENTO</td>
<td>Central Treaty Organization</td>
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<td>CIA</td>
<td>Central Intelligence Agency</td>
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<tr>
<td>CM</td>
<td>Chief Minister</td>
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<tr>
<td>CNG</td>
<td>Compressed Natural Gas</td>
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<td>CPEC</td>
<td>China Pakistan Economic Corridor</td>
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<td>ECO</td>
<td>Economic Cooperation Organization</td>
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<td>ECOTA</td>
<td>Economic Cooperation Organization Trade Agreement</td>
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<tr>
<td>EEZ</td>
<td>Exclusive Economic Zone</td>
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<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>FM</td>
<td>Foreign Minister</td>
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<td>FTA</td>
<td>Free Trade Agreement</td>
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<td>FTZ</td>
<td>Free Trade Zones</td>
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<tr>
<td>GCC</td>
<td>Gulf Cooperation Council</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GWOT</td>
<td>Global War on Terror</td>
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<td>HAI</td>
<td>Harkat e Ansar</td>
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<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>IAEA</td>
<td>International Atomic Energy Agency</td>
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<td>IPI</td>
<td>Iran Pakistan India Gas Pipeline</td>
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<td>IRGC</td>
<td>Iranian Revolutionary Guards Corps</td>
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<tr>
<td>ISI</td>
<td>Inter-Services Intelligence</td>
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<tr>
<td>ISIS</td>
<td>Islamic State of Iraq and Syria</td>
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<tr>
<td>IVO</td>
<td>Iranian Veterinary Organization</td>
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<tr>
<td>JBC</td>
<td>Joint Business Commission</td>
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<tr>
<td>JCPOA</td>
<td>Joint Comprehensive Plan of Action</td>
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<tr>
<td>JEC</td>
<td>Joint Economic Commission</td>
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<td>JTC</td>
<td>Joint Trade Committee</td>
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<tr>
<td>KM</td>
<td>Kilo Meter</td>
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<td>KSA</td>
<td>Kingdom Of Saudi Arabia</td>
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<tr>
<td>LeJ</td>
<td>Lashkar e Jhangvi</td>
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<tr>
<td>LNG</td>
<td>Liquefied Natural Gas</td>
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<tr>
<td>LPG</td>
<td>Liquid Petroleum Gas</td>
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<tr>
<td>MFN</td>
<td>Most Favored Nation</td>
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<td>MOU</td>
<td>Memorandum Of Understanding</td>
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<td>MPS</td>
<td>Ministry of Ports and Shipping Pakistan</td>
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<td>MT</td>
<td>Metric Ton</td>
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<tr>
<td>MW</td>
<td>Megawatt</td>
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<td>NATO</td>
<td>North Atlantic Treaty Organization</td>
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<td>NBP</td>
<td>National Bank of Pakistan</td>
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<td>NOC</td>
<td>No Objection Certificate</td>
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<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>NPT</td>
<td>Non Proliferation Treaty</td>
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<td>OGDCL</td>
<td>Oil and Gas Development Company Limited</td>
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<tr>
<td>OIC</td>
<td>Organization of Islamic Cooperation</td>
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<tr>
<td>PM</td>
<td>Prime Minister</td>
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<tr>
<td>PML-N</td>
<td>Pakistan Muslim League-Nawaz</td>
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<td>PTA</td>
<td>Preferential Trade Agreement</td>
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<tr>
<td>RCD</td>
<td>Regional Cooperation for Development</td>
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<tr>
<td>SCO</td>
<td>Shanghai Cooperation Organization</td>
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<tr>
<td>SEATO</td>
<td>South East Asian Treaty Organization</td>
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<tr>
<td>SMP</td>
<td>Sipah e Muhammad Pakistan</td>
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<tr>
<td>SSP</td>
<td>Sipah E Sahaba Pakistan</td>
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<tr>
<td>TAPI</td>
<td>Turkmenistan Afghanistan Pakistan India Pipeline</td>
</tr>
<tr>
<td>TDAP</td>
<td>Trade Development Authority of Pakistan</td>
</tr>
<tr>
<td>TNFJ</td>
<td>Tehrik Nifaz Fiqh Jafria</td>
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<tr>
<td>UNO</td>
<td>United Nations Organization</td>
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<tr>
<td>UNSC</td>
<td>United Nations Security Council</td>
</tr>
<tr>
<td>US</td>
<td>United States</td>
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<tr>
<td>USA</td>
<td>United States of America</td>
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<tr>
<td>USSR</td>
<td>Union of Soviet Socialist Republics</td>
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<tr>
<td>WAPDA</td>
<td>Water and Power Development Authority Pakistan</td>
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<tr>
<td>WTO</td>
<td>World Trade Organization</td>
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ABSTRACT

The aim of thesis is to examine Pakistan-Iran relations in the context of changing world scenario since 2001. The major focus will the period since 2005 to 2015. Both countries are agreed and interested in strengthen of economic, political, social and cultural relationship but there are some internal and external elements involved which are hurdle to reach at destination. There are many common interests like trade, global peace, and border safety, national and political integrity. But unfortunately Drug Trafficking, smuggling and illegal arms are seen on common border. Low volume of trade and low economic relations are seen. It is one of the basic reasons of weak relationship between the two countries. Both countries have stronger sympathetic relations. Both countries have helped to each other in natural disasters like earthquake and floods in Pakistan. Both countries have a longstanding history of cordial bilateral relations. Thesis will explore the dynamics of relations between both countries since 2005 to 2015. It will not only help to understand the internal but external challenges which both countries are facing. War on terror and US influence toward Pakistan effected these relations, while these relations were strong in past. Terrorism and sectarianism will also be discussed that how these two factors effected the relations of two neighboring countries. Jundullah and other terrorists groups should be stopped to deal with other issues. India and Saudi Arab has also given hard way to Pakistan and Iran in this period. Cooperation in energy sector, bilateral trade, Iran-Pakistan gas pipeline project and many other options can enhance these relations in future.
CHAPTER - 1

PAKISTAN-IRAN RELATIONS SINCE 2005-2015: POLITICAL AND ECONOMIC DIMENSIONS

1.1 Introduction

Pakistan-Iran relations are a partnership of the heart, bound by history, traditions and values which make relationship more stable and cordial. Both countries cherished their ties and wanted to strengthen relations in all fields. The two nations not only support each other but have also understanding on the international issues, in general, and those of the region in particular. Moreover, the two brotherly neighboring countries share many things in areas of development and progress which enable to live in dignity and honor. They are committed to work to bring peace for their long term bilateral relations.

Historically, the people of Iran and British India (present day India-Pakistan) have the same origin and civilization. Culturally, the two were like members of a family one settling in Iran and the other in South Asian region. After the advent of Islam and its subsequent arrival to Iran and British India, the ties between the people got further strengthened. The influence of Iranian literature, art and architecture, the writings and beliefs of the Persian religious scholars and mystics and the influence of Persian language on different languages of South Asian region including Urdu, Sindhi, Punjabi and Kashmiri shows a shared history between the people of the two countries.

This background overview stipulates the fact that the close ties between Pakistan and Iran are not just because of religion and traditions but Iran is also the mother of Pakistani culture.\(^1\) The creation of Pakistan on 14\(^{th}\) August 1947 in its eastern border was greatly welcomed by Iran as was evident from the instant granting of recognition to Pakistan and the Shah of Iran was the first head of state to visit the newly born country in March 1950. Thus, since the establishment of diplomatic relations between Pakistan and Iran, both have seen many ups and downs. Both countries joined the South East Asian Treaty Organization (SEATO) and Central

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Treaty Organization (CENTO) but after the disappointment from CENTO and the unreliability of United States, they sought to find ways for regional cooperation. In 1964, Iran and Pakistan along with Turkey established a regional forum called Regional Cooperation for Development (RCD) that later became Economic Cooperation Organization (ECO). The Iranians helped Pakistan in the wars of 1965 and 1971 which is another bright chapter of the history of Pakistan-Iran relations. Both countries showed similarity in their views on different international issues like; the Suez Crisis, tilt towards the West including the United States, the Cold War, the appreciation of the US action in Lebanon and the question of India’s membership in the Organization of Islamic Cooperation (OIC).

The dismemberment of Pakistan in 1971 and the increase in the oil prices in 1973 brought a slight change in the Iranian attitude towards Pakistan, and the Iranian policy makers focused more on India in economic relations and matters pertaining to diplomacy. It can, precisely, be said that this was the time when the Shah of Iran adopted almost “patronizing attitude towards Pakistan”\(^2\). Furthermore, the political change in Pakistan in 1977 and the Islamic revolution in Iran in 1979 brought the two countries closer again, and Pakistan was the first state to recognize the Islamic Republic. During the Soviet invasion of Afghanistan (1979), Pakistan kept Iran fully informed of the negotiations for peace under the auspices of UN because Iran did not play the role as was supposed and the reason was its engagement in 8 years long war with Iraq. This decade was the period in which the relations moved from better to normal if not good.

The end of Iran-Iraq war in 1988, the withdrawal of Soviet Union from Afghanistan in 1989 and the fall of the communist government in 1992 were the issues where the clash of interests between Iran and Pakistan on Afghanistan began. It particularly began with the Iranian dissatisfaction with the Peshawar Accord (1992) and the Islamabad Accord (1994). The Iranian support to Rabbani, the visit of Nawaz Sharif to Afghanistan in 1993 with the Saudi intelligence chief ignoring the Iranian

\(^2\) Tahir Amin, “Trilateral cooperation: Pakistan, Iran urged to promote regional arrangements,” *The Express Tribune*, April 17, 2014.
diplomat was another setback to the already worsening relations. The geo-political interests of Iran in the wake of its interest in Caspian Sea, the evidences of Pakistani support to Taliban against Rabbani, the belief of Iran that a counter informal alliance of USA, Saudi Arabia and Pakistan was emerging which supports Taliban in Afghanistan. The convergence of Indian and Iranian interests in the light of these developments had further aggravated the situation.

The relations touched their lowest ebb with the incident of Mazar-e-Sharif in 1998 where Iranian diplomats were killed by Taliban and there were evidences that Pakistan’s armed personnel were involved in backing Taliban. It was the time when extreme contempt, both at official and unofficial levels, in Iran was developing against Pakistan. The actions of Pakistani security forces prompting Iran to call back its sixty diplomats added another wound to the already slanting relations. However, the visit of Sartaj Aziz (the then Foreign Minister of Pakistan) to Iran in 1999 contributed a great deal in normalizing the relations and finally the fall of Taliban in 2001 removed the major irritant in Pak-Iran relations, which was followed by the visit of Iranian Foreign Minister and in the subsequent year by President Khatami in 2002. Both of them agreed to support Karzai’s government under the Bonn Accord. This was the time when people from different walks of life on both the sides believed that the fall of Taliban was the beginning of a new era in Pak-Iran relations and Iran also welcomed the shift in Pakistan’s policy towards Taliban. Later analysis revealed that the grievances of Iran were not properly addressed by Pakistani policy makers.

1.2 Statement of the Problem

Religious affinity, geographic proximity and enduring cooperation on myriad problems are the factors providing baseline of Pak-Iran relations. However, both the

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4 Bonn Accord (December 5, 2001) determined to end the tragic conflict in Afghanistan and promote national reconciliation and given recognition to Hamid Karzai’s government to rule in the country. See details in http://www.un.org/News/dh/latest/afghan/afghan-agree.htm
The states are situated in the most sensitive region of the world where the major players of the world politics are wrangling for power. Furthermore, the events of 9/11 and the subsequent stationing of the US and NATO forces in Afghanistan have created multitudinous problems in the region. In such a tensed geo-strategic environment, Pakistan and Iran are faced with a number of challenges with respect to their bilateral relations. In this regard, the issue of sectarian tension is a serious matter for the executive of Tehran because Iran protects the interests of Shi’a community around the world but the indifferent attitude and the persistent killing of Shi’a in Pakistan pose a significant challenge to the relations of the two countries. On the other hand, the worsening conditions in Baluchistan and the involvement of US and India in the region, infiltrations in Iranian Baluchistan by the US backed Jundullah (Sunni militant organization) and Iranian recriminations of Pakistan’s agreement on the terrorist activities of Jundullah increase misgivings on both the sides. Moreover, the support extended to different militant groups based on their strategic preferences is another potential challenge to Pakistan-Iran relations. Nevertheless, the long awaiting Iran, Pakistan-India Pipeline (IPI), the stakes of Pakistan and Iran, strategic and economic significance of the project, persistent US pressure on Pakistan to adopt an alternative to IPI and the prospect of IPI as an instrument for breaking US imposed isolation on Iran shows the pertinence of this project in Pakistan-Iran relations.

1.3 Justification of the Study

Foreign policy has become a very complicated in contemporary world and scholars and theorists from different background have diverse opinion about functioning diplomacy. Moreover, there are a lot of books written on foreign policy and diplomacy but there is no direct literature in a compact form on this subject. No book has been written on Pakistan-Iran relations. Thus, there is utmost need of comprehensive and systematic research on Pakistan-Iran relations. Moreover, without coherent research it will be difficult to produce book on the subject of Pakistan-Iran relations which is challenging task of contemporary relationship. Nonetheless, one of the motivations behind this study is to investigate the dynamics and challenges of Pakistan-Iran relations after the incidents of 9/11 which is a fascinating task. Some articles have been written on Pakistan-Iran relations from different perspectives, yet there is a greater need to investigate the causes of mistrust between Pakistan and Iran that arises from time-to-time. If there is a complete study on the causes of
strains in relations, it will stimulate the need for further investigation with prospects of better solutions.

1.4  **Aims and Objectives of the Study**

The main purpose of the study is to carefully analyze the relations between the two neighboring countries in the post 9/11 development. The specific objective of the study is to understand the role played by these two states in the stability as well as instability of the region and also to pinpoint the gray areas in Pakistan-Iran diplomatic relations. The main purpose of the study is to find out weaknesses and flaws which have been exploited by the regional and international actors responsible for causing strain in their relations. However, the main purpose of the study is to find out the potential benefits of bilateral relations between Pakistan and Iran and its implications for both the countries. This study seeks to achieve the following objectives:

1. To analyze and understand the exact nature of relations and to investigate about the anomalies of relationship;
2. To examine the strategic compulsions of the foreign policies of Pakistan and Iran;
3. To analyze the comparative study of the deterioration of relations between the two countries;
4. To find out the nature and extent of mistrust between the two countries and identify the reasons that cause this mistrust; and
5. To assess the possible outcomes of the significant challenges to Pak-Iran relations.
1.5 Research Questions

- What are the major areas where their (Pakistan and Iran’s) interests take a divergent course?
- What are the political strategic and economic compulsions of Pakistan and Iran and how are these reflected in the bilateral relations of the two countries?
- What are the internal and external factors that determine the perceptions of the policy makers on both sides while articulating their foreign policy preferences in relation to one another?
- What are the impacts of regional politics on the foreign policies of Pakistan and Iran and how different dynamics contribute to the strengthening or deterioration of their relations?
- How and to what extent the relations of Pakistan and Iran with other states (USA, Saudi Arabia, Afghanistan and India) affect their mutual relations?

1.6 Methodology

The study is descriptive and will apply empirical and analytical methods in the interpretive theoretical framework. It will be descriptive while narrating the facts gathered through the primary sources. Empirical method will be applied in the form of structured, semi-structured and unstructured interviews and questionnaires to collect data from twenty scholars, intellectuals, academicians, religious clergy, diplomats, politicians, etc. Analytical method will be used to compare, contrast, interpret and reinterpret the facts, related to the fluctuating trends in their relationship.
CHAPTER-2

AN OVERVIEW OF PAK-IRAN RELATIONS: BRIEF HISTORY

Pak-Iran relations were initiated in 1947 soon after the creation of Pakistan. Sometimes these relations were running smoothly, but sometime different misunderstanding were appeared which affected these ties badly. Also adoption of different policy stances on different occasions created gap between both nations. Hence for many ups and downs were seen by both sides while maintaining their bilateral relations. In this chapter these ups and downs will be examined systematically since 1947 to 2005 by dividing in some different phases. It will be focused on major factors which contributed in the political and economic issues of both sides Pakistan and Iran. Analysis of notable start of Pak-Iran relations will be presented that how this start provided a roadmap to both nations while maintaining their bilateral ties. Later, Iran adopted “Patronizing policy”, it will be discussed which affected Pak-Iran political and economic relations especially.

Islamic revolution occurred in Iran 1979 and Pakistan accepted new regime in Iran. Later on the major deteriorating factor of Taliban will be discussed. Fall of Taliban and different policy adoption regarding post 9/11 scenario will also be discussed. Development of relations through bilateral visits and meetings from 2001 to 2005 will also be highlighted which normalized the past situation of “lowest ebb”. In an overall view memorable start of Pak-Iran relations, later Shah’s patronizing policy towards Pakistan, Islamic revolution in Iran 1979, Afghan war 1979, Taliban regime in Afghanistan, and later fall of Taliban regime as new era of Pak-Iran relations will be discussed five historical divisions.

2.1 Introduction

Geographic locations of Pakistan and Iran have much significance for their mutual, regional and international relations. Both countries have strong history of political, economic, strategic and social strength. Memorable start of Pak-Iran relations is also evidence in this way, as Iran was the first country which accepted Pakistan as a new state.
Geographic location of Pakistan is much significant in global and regional politics. Long standing enmity with India, its role in cold war, role in war against USSR 1979, Durand line issue with Afghanistan showed importance of geographic strength of Pakistan. By analyzing the geostrategic strength of Pakistan, I will analyzed that from last seventy years Pakistan had fought three wars against India due to different issues which showed the long standing enmity, although some agreements were signed between Pakistan and India but still there is “unreliability” in front of both sides policy makers. Furthermore the Cargill dispute in the end of 20th century showed another point on continuity of this enmity.

Moreover India, Pakistan faced Durand Line issue with her neighbor Afghanistan. Role of Pakistan in cold war was also significant in front of regional and international scenario, when two major world powers Russia and USA were in competition. Pakistan was also ally of US led invasion in Afghanistan against USSR. Further Pakistan got the status of Non NATO ally in GWOT after incident of 9/11. These points showed the importance of geostrategic position of Pakistan.

Geographic location of Iran is also significant for regional and international politics. By focusing the geostrategic strength of Iran, Iran had experience to face two revolutions in 20th century, first “Constitutional Revolution of 1905–1909” and 2nd “Islamic revolution of 1979.” I argued Iran has faced two major revolutions and its consequence in 20th century which showed its political experiences. Also Iran-US friendly ties were seen during Shah Regime. As Roham stated about how Iran-US friendly ties were seen during Shah Regime. As Roham stated about how Iran-US

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8 Ibid.


become close to each other with the help of US President Nixon policy towards Iran.\textsuperscript{11} He further stated that “Nixon gradually adopted a policy of Iranian primacy” in Persian Gulf.\textsuperscript{12} Before Islamic revolution Iran-US friendly ties were running smoothly and Shah proved him as a loyal friend of US. Reciprocally, US were intending to give a leading role to Iran in Persian Gulf.\textsuperscript{13} President Nixon and Shah of Iran come close to each other in this period. Due to Iranian primacy in Persian Gulf even Shah of Iran became a policeman of the region.\textsuperscript{14}

Appearance of Islamic revolution in Iran in 1979, consequently political environment between Iran and USA relations was entirely changed. Past Pahlavi regime was friendly whereas new Islamic regime was anti American. Hence for fall of Shah became one of the reasons of declined in Iran-US ties on one side.\textsuperscript{15} On the other hand new religious regime in Iran was basically anti American regime.\textsuperscript{16} Foreign policies of both sides affected Iran-US ties. Henceforth Iran-US relations after Islamic revolution 1979 were declined. Now, enmity between Iran and US was started as new Islamic regime was against US. And US policy towards Iran was unlike to past Nixon’s policy. Post revolution US was backing Iraq against Islamic regime of Iran. As a result, Iran-US rivalry occurred by replacing past friendship of Shah and US.

\textsuperscript{12}Ibid.
\textsuperscript{13}Ibid.
Iran also faced a war from Iraq soon after emergence of Islamic Revolution 1979. Iran fought almost eight years war against Iraq. Due to this war also Iran-US ties were further declined as Iran was of opinion that US was backing Saddam against Iran. Further, anti US and Israel slogans were basically invented from Iran post 1979, which increased its rivalry and conflicts with Israel and US. In this situation as for as Pak-Iran relations were concerned Iran was anti American whereas Pakistan was friendly with America, earlier was blaming that US was backing Saddam and later was US ally in war against Soviet Union. Consequently Pak-Iran relations were affected due to US factor.

Pakistan Iran relations were initiated in 1947 with the emergence of Pakistan after partition of subcontinent from British Empire. But the interaction of Iranian people and people of Pakistan (subcontinent) is basically much older than creation of Pakistan; it goes back to centuries old on the basis of culture, religion and historical grounds. Cultural, religious thoughts, history and influence of Persian the Iranian official language over Pakistani language Urdu are the evidences of old relationship.

According to Howard Wriggins, political structure, flow of religious thoughts and cultural spreading not flourished from Arab Middle East, but these processes flourished from Iran towards South Asia. Many Sufi saints, religious scholars were come from Iran to South Asia for preaching of Islam they live and stayed here to motivate the people to embrace Islam. Many non Muslims were converted and became practical Muslims with preach of these scholars. Nehru stated that, “Among

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22 Ibid.
the many people and races that have come in contact with Indians and influenced India's life and culture, the oldest and most persistent have been the Iranians."^{23}

Road map of Pak-Iran relations is not up to domestic matters, there are some regional as well as international factors which are making these relations stable or unstable. There is need to systematically focus on all those domestic, mutual, regional and international issues, that how these issues affecting bilateral relations. Especially post 9/11 scenario has affected the whole world, and at the same time it has created many challenges and dynamics in front of both neighbors. Major focus will be the Pak-Iran ties till end of President Khatami regime to reflect an historical background of Pak-Iran relations from 1947 to 2005. Bilateral talks and bilateral visits have highlighted many mutual issues between Pakistan and Iran. As for as, the regional issues are concerned, the region where both countries are existing is very sensitive. And world powers are wrangling for power in this region to create their hegemony.^{24} In this competition for getting supremacy in the region world power are affecting directly and indirectly the regional countries.^{25} They create political ferment in the region to achieve their objectives. So called world powers used this region as a "chessboard" and they misuse the regional countries as pieces to play their game of supremacy over world.^{26}

Regional sensitivity can be understood through energy routs, coast line, see and ocean. The world two major energy routs are across Pakistan-Iran border. The Makran Coast and Persian Gulf, Arabian Sea attached with Indian Ocean. Border between Pakistan and Iran from Indian Ocean to South east side of Gulf of Oman, also is attached from north side with Afghanistan.^{27} Sistan and Baluchistan is area off

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^{25} Ibid.


Iran having the status of Iranian province and Baluchistan the largest province (area wise) area of Pakistan, both these areas of Pakistan and Iran are exist near border line of both countries. There are many longstanding and some are new issues across Pak-Iran border which are of serious nature for both countries. Ethnic crises, political, sectarian, social, and economic crises are the major challenges which are deteriorating the ties of Pakistan and Iran. Contemporary, terrorism, sectarianism, smuggling along with illegal trade of arms, drug and human trafficking, are the major hurdles in Pak-Iran relationship.

Non state actors and terrorist groups are promoting day by day, and foreign factors are involved in the promotion of non state actors and terrorist groups and organizations. Hence these issues have become major challenges for both sides. Both countries want to solve these issues with mutual cooperation and assistant. In this way both countries were agreed upon combating cross border terrorism by supporting and helping each other. In past Pakistan and Iran planned to take some drastic steps against non state actors under the “Extradition Treaty 1960.” Policies like combined security and patrolling near border to control such illegal activities were executed. But unfortunately fewer results were positive. Still there is need to focus on these issues to resolve for enhancement of neighboring relationship.

Hence according to above mentioned situation there is much importance of the region where there Pakistan and Iran are existing as there are many factors involved which are curbing the situation. International and regional actors have interests in this area to enhance their involvement and hegemony. Major countries are wrangling for power in this area. As a result, challenges are increasing day by day in the way Pakistan and Iran. Pakistan and Iran both are Islamic countries having longstanding history of religious commonality, geostrategic position. But on some serious type of issues I have observed that this longstanding history had putted besides as compared

28 H. V. Pant, “Pakistan and Iran's dysfunctional relationship,” Middle East Quarterly (2009), pp. 22-25.
to “national interest” by nations, political compulsions and different choices of foreign policies by both sides to run their business of international relations has created gap between the two nations. Pak-Iran relations will be examined in different perspectives with a systematic approach.

2.2 Foreign policy of Pakistan: An Overview

Pakistan and India has longstanding enmity since their partition in 1947 from British rulers. Further Muslims the majority population of earlier and Hindus majority populations of later are old enemies of each other even before the partition of Pakistan and India.\(^{31}\) Before partition this enmity was under British rule but after the partition this enmity became the enmity of two neighboring countries. Soon after their partition India attacked on Pakistan, and this unending rivalry started. Both countries are still facing many issues whereas the Kashmir issue is the serious one. The major serious conflict between Pakistan and India is Kashmir dispute, which is still unresolved.\(^{32}\) Pakistan had fought three wars against India since 1947. This enmity was further demonstrated in 1999 on Cargill dispute which was sooner settled by the two states. Pakistan has longstanding reservations against Indian Kashmir issue on different international forums including United Nations.\(^{33}\) So this rivalry has specially promoted the geostrategic position of South Asia, the region where both countries exist has become very sensitive. South Asia region have many advantages and disadvantages in sense of its location. Some scholars argued that this region is advantageous while others argued that it is very dangerous infect. Mirza argued South Asia is a “dangerous region” due to two largest enemy countries Pakistan and India.\(^{34}\)


\(^{33}\) Ibid.

This sensitivity has been more increased since then Pakistan and India have become nuclear powers. Geographic significance of Pakistan is further more important because moreover South Asia, she has linked with two other significant regions. According to Anwar Pakistan’s locations also linked with Central Asia and West Asia which promotes its territorial significance, this shows its advantage in sense of trade with other countries of Central Asia and West Asia. We can understand the significance of Central Asia and West Asia with the help of maritime trade routes and sea lines also. It is linked with world’s busiest maritime trade route. “Some of the world most important sea lines of communications (SLOCs) pass through Pakistan’s Exclusive Economic Zone (EEZ).” Geography has much importance in articulation of Pakistan’s foreign policy to get connect with the world for political and economic development.

Pakistan’s Foreign policy experts give much importance to its geography while shaping its foreign policy. Hence for geography plays much important role in the foreign affairs of Pakistan. Geography provides Pakistan significance on regional and international level in terms of their relations with the other countries. It was the geographic position of Pakistan which increased its importance not only during cold war but also in current scenario. Pakistan’s role in cold war and in Global War On Terror has been acknowledged in the world on the basis of its geographic significance. World powers considered Pakistan an important player for their competition in South Asian region. In past, Pakistan being US ally in cold war and war against Soviet Union is evident.

Not only USA but Russia, China and CARs also acknowledged the significant geographic position of Pakistan. Russia is in search of warm water through Pakistan,

38 Saeed Shafqat, “Pakistan: militancy, the transition to democracy and future relations with the United States,” *Journal of International Affairs* 63, No. 1 (2009), pp. 89-109.
CARs and Afghanistan gives much importance to Pakistan so that to get access towards sea for their economic development and China believes that Pakistan’s location is important for strategic means. Iran also acknowledged this geographic position of Pakistan. Iran had paid more attention towards Pakistan after Iranian nuclear controversy with Western world, and also Western world considered same importance of Pakistan for the regional situation. Pakistan got more importance in the perception of US policy makers especially during cold war period and during GWOT 2001.

Pakistan’s historic rivalry with India, border safety concerns with Afghanistan are increasing its defense budget annually. Security concerns are increasing day by day. Interestingly Pakistan-Iran border remained safer as compared to Pakistan’s border with India or Afghanistan. But we cannot ignore the Pak-Iran challenges appearing from Pak-Iran border i.e. smuggling, border security, human trafficking etc. Geographic challenges need importance to be discussed in systematic way.

And it will be systematically discussed that how Pakistan’s friendship on the name of “Non NATO ally” with the West created challenges for bilateral relations of Pakistan and Iran. Ideology along with national interest both points always remained in the perceptions of foreign policy makers of Pakistan. On one side they want to build their good relations with the Muslim world while on other side they also focused their national interest being sovereign states of a realistic world. Pakistan had “imprint” of ideology in terms of its foreign policy, also she intend to build strong

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relations with the West to secure its national interest.\textsuperscript{42} This reflects a complicated view of its foreign policy.\textsuperscript{43}

There are many compulsions for Pakistan while articulating its foreign policy. They intend to create balance while playing politics in international perspectives. Pakistan has interests in CAS and also wants to maintain good relations with Afghanistan especially to secure its west border. Pakistan has historic good relations with China but it also intends to create peaceful environment while maintaining relations with India, also with enmity factor is still there. Iran and Arab rivalry especially rivalry of Iran and KSA, Pakistan intending to make good relations with both rival sides, ultimately with an objective of maintaining good relations with the neighbors and Muslim countries. Being first Muslim nuclear power, it also wants to play its vital role in the Muslim world. Relations with the US and Western countries for political and economic development are also the objectives of Pakistan foreign policy. Especially after 9/11 the role of Pakistan in GWOT along with the above mentioned points reflects the complexity of its foreign policy.\textsuperscript{44} Hence, foreign policy of Pakistan is complex.


\textsuperscript{43} Ibid.

\textsuperscript{44} Ibid.
2.3 Foreign policy of Iran: An overview

Iran has a longstanding history of religion, culture, political and military development. This longstanding history duration based on two thousand years. They promoted their language Persian, religious thoughts, cultural values. Nationhood also developed in Iran on true base. Hence, on the basis of these grounds a true nation flourished in the world and other nation states also acknowledged the Iranian nationhood. In start of 20th century, constitutional revolution occurred in Iran in 1906. Later an Islamic revolution led by Imam Khomeini occurred in 1979. So Iran has seen two major revolutions in 20th century. Further friendship of Iran and US flourished after World War 2, as US was altering UK’s influence. Consequently, Shah of Iran remains a loyal friend of US till Iranian Islamic revolution 1979. Although Islamic revolution occurred according to the authority of religious clerics, and theocratic type regime was expected by the world in Iran. But Iran proved herself a democratic state in the world as compared to the other states of the Middle East.

Crane stated that Iran is democratic state as compared to other states of Middle East. For US, Iran is one of the top key concerns while articulating her foreign policy. Iran remained on its stand against Taliban regarding her reservations against Taliban regime in Afghanistan and their terrorist activities. Iraq imposed war on Iran, and Iran dealt it like a strong nation states although revolution was occurred just one year before. Iran has conflict with Israel since 1940 but post Islamic revolution this conflict further increased on Ideology grounds. Clash of interest against US was also increased after Islamic revolution, as in past US and Pahlavi regime had a friendly

45 W. R. Polk, Understanding Iran: Everything You Need to Know, From Persia to the Islamic Republic, From Cyrus to Khamenei (Macmillan, 2011), pp. 33-35.
48 Crane Keith, and Rollie Lal, Iran's political, demographic, and economic vulnerabilities (Rand Corporation, 2008), pp.89-92.
49 Ibid.
relationship. In this situation conflict with US affected Iran’s relations on geographic grounds.

Geographic situation of Iran is also sensitive because of Caspian Sea and Persian Gulf. Iran highlighted Palestine issue in the world and Iran is further giving importance to other Middle East issues. This type of policy stance, Iran has got important position in the Middle East. After 9/11, geographical and strategic importance of Iran has also been increased. Regional and international powers cannot ignore the geopolitical significance of Iran. Once US used the isolation tactics against Iran, but later, US initiated along with West the negotiations on Iranian nuclear controversy.

Similarly Arab countries are also not intending to create conflicting situation with Iran, which shows the geopolitical and strategic strength of Iran. Iran is a nation whose geopolitical resources have been both revile and gift. A nation without key accomplices since the 1979, Iran has needed to manage the fallout of a long and ridiculous Iraqi-forced war (1981-1990), political disengagement and dangers of regulation and destabilization. These components served to solidify the nation's perspective by ingraining in it a feeling of weakness and vulnerability.

Foreign policy of Iran is also complex like Pakistan. It is difficult to identify the exact nature of its foreign policy. There are many complex reasons in this regard. US initiated Iran’s isolation but no change was seen in foreign policy of Iran after or before US isolation policy stance against Iran. Ideology has much importance in the perceptions of policy makers of Iran. As it has seen that sometimes in global or

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regional politics ideology has given preferred on realistic approaches.\textsuperscript{54} Hence, complexity of foreign policy, I can say that Iranian policy is multidimensional. There are almost three dimensions in the mind of Iranian think tanks to articulate their foreign policy. They make their policy on the grounds of international, national and regional realities. They promote their ideology on domestic level, while take care their national interest in world politics.

Regional situations and consequences also they take into account to succeed in regional politics at the same time. Despite, ideological grounds, pragmatic view of foreign policy was practiced even in the era of Ahmadinejad.\textsuperscript{55} Iran improved their ties with CARs, India and Afghanistan during Ahmadinejad regime.\textsuperscript{56} They tilt toward Russia to create balance about US isolation tactics against Iran. Hence, pragmatism can be seen in Iran-Russia relations to show world powers like US. Tazmini argued that the Khatami’s regime was most pragmatic regime since Islamic revolution 1979.\textsuperscript{57} In this era, they increased their relations with CARs, Russia, Western countries, KSA and even with the US. They always promoted ideology to get united domestically but also they adopted pragmatic measures to secure their national interest while maintaining their international relations with the other states. Hence, I can say that similar to Pakistan the foreign policy of Iran is also complex.

\textbf{2.4 Impacts Of Pak-Iran Foreign Policies Upon Each Other}

In terms of civilization both countries have same history. Origin of both countries regarding civilization is same. Especially Iran has longstanding history of


\textsuperscript{55} R.K Barnekow, \textit{The foreign policy of Iran: ideology and pragmatism in the Islamic Republic} (DIIS, 2009), p. 72.

\textsuperscript{56} C. C. Fair, “Pakistan's relations with Central Asia: Is past prologue?,” \textit{Journal of Strategic Studies} 31, No. 2 (2008), pp. 201-227.

civilization. This civilization has past longstanding history before 1400 B.C.\textsuperscript{58} Hence; I can argue that the interaction of people of Pakistan and Iran is not new, this interaction is based on longstanding past time. Cultural commonalities, Religious closeness and ethnic affiliations are the evidences of this interaction as well. Islam as common religion developed these relations more. Further, Iranian historic literature, writings, of religious scholars and mystics showed positive impacts on Pakistani culture.

Further the Persian language influenced Pakistani languages Pashto, Punjabi, Sindhi, and Kashmiri including national language Urdu.\textsuperscript{59} Hence, the religion and culture both influenced the affiliations of both countries with each other. Burke stated that Iran is the mother of Pakistani culture.\textsuperscript{60} Consequently there are many cultural and religious principle which created close ties of Pakistan and Iran. These commonalities were became base for Pak-Iran ties officially in 1947. Pakistan came into existence on 14\textsuperscript{th} August 1947. It was Iran, the first country of the world who recommended Pakistan as a sovereign state. Hence, bilateral friendly gestures were initiated officially. Further these ties were became more strengthen when Shah of Iran visited newly build Pakistan, Shah of Iran was the first head of the state who visited Pakistan in 1950.\textsuperscript{61} Pakistani people and government highly acknowledged this visit of Shah of Iran, and they welcomed him with complete enthusiasm.\textsuperscript{62}

\textsuperscript{59} Ibid.
\textsuperscript{60} S. M. Burke, and Lawrence Ziring, Pakistan's foreign policy: an historical analysis. (New York: Oxford University Press, 1990), p.68.
Consequently, bilateral relations were initiated soon after creation of Pakistan. Both countries are sovereign states. And they are independent to make secure their national interest. In the realistic world, the relations of the countries always not remained the same. As convergence or divergence of interests exist, so categorically there were many ups and downs seen in Pak-Iran relations. Scholars like Kaleji argued these ups and downs can be seen since initiation of Pak-Iran relations. Even he argued that during Pahlavi regime the Pak-Iran ties were close while later there was convergence of interest seen. So to examine these relations systematically from 1947 to 2005, I will divide these relations in five major phases.

2.5 Pak-Iran ties since 1947 to Islamic Revolution 1979

After creation of Pakistan in 1947, there were many challenges for a new born country. Initially there were not only domestic but also global challenges were in front of Pakistan. Burke argued Pakistan faced many challenges for its state building. Pakistan was come into existence because of British declonisation after Second World War. Hence, one of the major issues for Pakistan was its foreign policy while maintaining their relationship with the world. At that time there were two major options for Pakistan regarding its foreign policy in 1947 to choose one better option for securing their national interest.

Western block or Russian block; these were the two options for Pakistan to join one for further attachment with the other countries. As Khan stated that

64 Ibid.
including earlier two there was also a third option for Pakistan in sense of non-align block. Contrary with Khan, the third option was basically baseless because Pakistan being a newly emerged state was not in a position to take a stand as member of non-align bloc. Further both world powers Russia and US were against the non-align bloc during cold war. Hence, Pakistan was not able to face pressure from both major world powers Russia and US while choosing the third option “Non-align block”.

Pakistan joined the Western block as compared to Russian side, because ideological differences compelled Pakistan to not join the communist bloc led by Russia. Further it was Western bloc, the best choice to join specially in a scenario of British declonalisation. Both major blocs were influencing Pakistan to join their side. Hence, there was needed to take a major decision to join either Russian or US side. Finally Pakistan did not choose Russian block due to ideological differences and join the US block to maintain their relations with other countries with the help of Western Block.

Russia invited Pakistan for diplomatic visit, and PM Liaqat Ali Khan accepted the invitation of Russia. Soon, US also invited Pakistan in the same way. Newly build Pakistan was facing many challenges in 1947. Russia, Afghanistan and even China was not favoring Pakistan in her initial time as Khan argued, but the friendly state in Pakistan’s neighbor countries was only Iran. Hence start of Pak-Iran relations was exemplary on the basis of ground realities. Pakistan was tilt towards US led Western block on one side and on the other side Pakistan’s only friendly neighbor Iran was also having friendly relations with US and Western bloc.

Iran and USA were friends according to the regional ground realities at the time when Pakistan came into existence. Hence, Pakistan was also motivated to join American bloc according to ground realities which also enhanced its bilateral relations with Iran. As US was influencing in South Asian politics. Similarly, Iran’s


ties with US were increasing as US influence towards Iran was replacing with the earlier influence of British. US was intending to take control over Iranian oil reserves, hence they influenced Iranian politics at that time.\(^6^9\) Pakistan joined CENTO for defense measure due to the major security concerns from India and also security concerns from Russia, whereas Iran joined CENTO as fearing from Russian threats in terms of security.\(^7^0\) Both countries Pakistan and Iran joined CENTO which developed their friendly relations.

US officials were motivated to get involved in Iran politics for the sake of its rich oil resources. US were intending to counter the influence of Anglo Iranian Oil Company. Hence, CIA backed activities to restore Shah’s government and to kick back the government of Mossadegh. They replaced the Raza Shah with his son to get more influence in Iran domestic politics and to get access to Iranian energy resources.\(^7^1\) So, planning of US to get involved in Iran was successive and Iran-US ties were flourished during this period. Further US planned to establish its hegemony in the region to countering Soviet Union. Ultimately, world powers were playing in the region for their interests, but at the same time my concerning point the relations of Pakistan and Iran were strengthening by joining CENTO.

Pak-Iran relations since 1947 to current scenario are off diverse nature. Some time these relations were good, while some time these relations were not good, many points highlights diversity of Pak-Iran ties.\(^7^2\) Backing force of these diverse relations was domestic, regional and international elements. Pakistan considered Iran a natural friend as Iran cooperated with Pakistan in the initial days of its independence. If Pakistan found Iran a natural ally against Indian threats then Iran found Pakistan a

\(^6^9\) W. R. Polk, *Understanding Iran: Everything You Need to Know, From Persia to the Islamic Republic, From Cyrus to Khamenei* (Macmillan, 2011), pp.16.


\(^7^1\) W. R. Polk, *Understanding Iran: Everything You Need to Know, From Persia to the Islamic Republic, From Cyrus to Khamenei* (Macmillan, 2011), p. 55.

natural ally against the increasing influence of Jamal Abdul Nasir in Arab countries. Both Iran and Pakistan were against India because of India’s cooperation with Jamal Abdul Nasir. Shah of Iran was not in favor of Jamal’s influence in Arab states instead he was intending to promote his influence in the region. Hence, both countries cooperated each other, and helped to secure their separate or common interests. Both countries signed a treaty of friendship in 1950s. This treaty created many political, economic and social opportunities for both countries to promote their friendly relations. Both countries framed this treaty according to the UN measures which is an historic step. Both countries also granted MFN status to each other which also shows the exemplary relationship of both countries.

World powers were influencing every country including Pakistan and Iran. Luckily none of both were in anti block but both Pakistan and Iran were in American block. Hence this integration in American block against Russian block strengthened their bilateral ties at the same time. Further they both joined SEATO and CENTO according to their own national interests. Integration in the platforms like SEATO and CENTO again strengthened their bilateral ties.

Soviet Union was basically threat for both Pakistan and Iran. Both Muslim countries were of the view that due to ideological reasons Soviet Union was threat for their national interests. Thus, alternatively they not only joined the American block during cold war but also they signed a mutual defense agreement with US to keep them safe from Soviet Union’s threat. Thus both countries were on same page in

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73 H. V. Pant, “Pakistan and Iran's dysfunctional relationship,” *Middle East Quarterly* (2009), pp. 43-50.
74 Ibid.
76 H. V. Pant, “Pakistan And Iran's Dysfunctional Relationship,” *Middle East Quarterly* (2009), pp. 43-50.
terms of joining the American bloc. Interesting situation appeared when again both countries were on the same page, when the both countries showed their dissatisfaction to affiliated with US bloc. Notable point is that dissatisfaction to join the US bloc was again common, as both countries were showing regret to be affiliated with the US bloc.

Soon an interesting situation appeared when both countries showed their regret to join American block as both countries were disappointed from US. Later, interesting point that both countries were of the same opinion of regret to join American block. Pakistan and Iran regret to join American block due to non cooperative attitude of US. Similarly Alam stated that Pakistan and Iran were disappointed due to the US attitude. Hence, after this disappointment both countries were in search of better solution for domestic, regional and international politics. Disappointment from CENTO and non cooperation of US they were in favor to establish an organization for regional cooperation and development. So, along with Turkey Pakistan and Iran initiated an historic step to establish Regional Cooperation Development (RCD) and they do so in 1964. RCD was another common step which was taken by both countries along with the help of Turkey. RCD was renamed later as Economic Cooperation Organization (ECO).

Pakistan was facing security threats from all sides of its borders except Iranian border. On one side Pakistan was facing a security threat from India as Kashmir was a disputed area for both Pakistan and India. And longstanding enmity since 1947 is also evident. Another security issue from Pakistan’s border side was Pakhtunistan issue from Afghanistan. Pakistan was also facing Pakhtunistan issue from Afghanistan. Hence, Pakistan was facing basically security issues from Indian and Afghanistan

borders. Only Iranian border was a secure border for Pakistan because there was no security issue from Iranian border to Pakistan. Hence security risks were there from India and Afghanistan borders but only secured border was Pak-Iran border.

Furthermore Iran provided diplomatic assistance to Pakistan and Afghanistan to decrease the tensions. Pakistan’s diplomatic relations with Afghanistan were problematic as Pakhtunistan issue was irritating newly build Pakistan.\(^{83}\) Iran provided Pakistan the diplomatic assistance in its relations with Afghanistan. Iranian diplomatic role was positive to bring closer the both countries Pakistan and Afghanistan.\(^{84}\) Further, when Kashmir issue was putted in UN, Iran completely supported Pakistan by agreeing UN resolution calling plebiscite in Kashmir, although Iran being sovereign state was intending to establish its relations with India. Further Iran stated in UN that Kashmiri people are 90% Muslims and have longstanding history of relations with Iran on the basis of common culture, religious commonality, values and traditions.\(^{85}\) Iranian role in UN for Kashmir cause was highly acknowledged by Pakistan. Further, Pakistan government acknowledged the Iranian role in War 1965 against India.\(^{86}\) Iranian cooperation with Pakistan in this war further strengthens mutual relationship.

Both countries were of same opinion in different issues. Both countries were on same page during cold war against Russian block.\(^{87}\) Suez Crisis in 1956, again both countries were of a same opinion and stance.\(^{88}\) Same stance again both countries choose on the question of inclusion of India in Organization of Islamic Conference

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\(^{87}\) Ibid.

(OIC).\textsuperscript{89} Hence we can say that an exemplary beginning was seen in Pak-Iran relations in terms of political stances.

2.6 Economic Conditions of Pakistan And Iran In Early Period

Although Pakistan newly appeared as a nation state in 1947 by getting freedom from British rule but Pakistan was stronger than Iran. Iran was weak because of Soviet Union’s involvement in Iran. Especially after second World War, situation of Iran was weak as Soviet Union was controlling its Northern part. Iran was intending to get rid off from Soviet Union’s pressure. Henceforth Pakistan was not weaker than Iran. As Pakistan was having opportunity of choice to join Russian or American block but Iran was already under the influence of Russian pressure. And Iran was struggling to get rid off from Russian pressure.

Ultimately Western pressure against Soviet Union made it possible for Iran to get rid off from control of Soviet Union.\textsuperscript{90} Situation of Iran was getting more complicated as two major world powers Russia and US were wrangling for power in the region. Especially both world powers were in competition to collect resources from Iran. The domestic situation of Iran was also not good.\textsuperscript{91} Emergence of Pakistan in 1947 provided Iran another opportunity to get attached with a new Muslim state. So that to be strong against Russian block. According to Amin this was the basic reason that Iran first of all recognized Pakistan as new Muslim state in its neighbor. Pakistan was stronger than Iran in terms of technical, military and industrial fields. Further development in Pakistan was seen during Ayub Khan’s regime. Hence, third world states considered Pakistan as model of economic development.\textsuperscript{92} On the other side, the economic conditions of Iran during 1950s were appalling due to dependence on

\textsuperscript{89} Shah Alam, “Iran-Pakistan relations: Political and strategic dimensions,” Strategic Analysis 28, No. 4 (2004), pp. 526-545.

\textsuperscript{90} S. M. Amin, Pakistan's foreign policy: a reappraisal (Karachi: Oxford University Press, 2010), p. 64.

\textsuperscript{91} Ibid.

\textsuperscript{92} Ibid.
foreign funds, and serious issue of unemployment in Iran. Inflation was seen in this period which showed unsatisfactory picture of Iran’s economic situation.\textsuperscript{93}

For Pakistan the development in economic sector was decreased in 1965 due to War against India. Further disappointment from US in this war, as US showed herself as neutral and imposed embargo on both contestants India and Pakistan. Consequently, economic development of Pakistan was decreased as compared to past. In this vulnerable situation of Pakistan, the Shah of Iran fully supported Pakistan in terms of diplomatic, political and economic. Iran supported Pakistan against India but was not involved in the war directly.\textsuperscript{94} Pak-Iran ties were exemplary since 1947 to 1971 but after the dismemberment of Pakistan in 1971 presented a different picture of Pak-Iran ties.

2.7 Pak-Iran relations from 1971 to the fall of shah

After the fall of Dhaka\textsuperscript{95}, the change in foreign policy of Pakistan was seen. Similarly in 1970s changes in the foreign policy of Iran was also seen. After dismemberment of Pakistan, US were not favoring Pakistan whereas Iran-US ties were developing more positive. Hence, Pak-Iran ties were affected in this era due to US factor. Changes in the foreign policies of both countries not only affected their own bilateral relations but also affected their relations with other states as well. After the dismemberment of Pakistan, US showed anger with the Bhutto administration; especially the new Carter administration did not like the Bhutto administration.

On the other hand Shah of Iran was liked by US in this period.\textsuperscript{96} Pakistan was intending to get nuclear technology to create balance with its longstanding contestant

\begin{flushleft}
\textsuperscript{94} Shah Alam, “Iran-Pakistan relations: Political and strategic dimensions,” \textit{Strategic Analysis} 28, No. 4 (2004), pp. 526-545. \\
\textsuperscript{95} Ahmed Khalid, “Fall of Dhaka: Ready to Face the Truth?,” \textit{Friday Times} 15, No. 46 (2004), p. 21. \\
\end{flushleft}
India. As India appeared a nuclear technology holder with the nuclear explosion in 1974. Bhutto administration was motivated to create balance with India but US was intending to employ sanction over Pakistan to stop it while getting nuclear technology.\(^{97}\) Pakistan was still motivated to get its nuclear resources, and justifying it as her right for security measures of against India. US was not allowing Pakistan to do so, even “Symington and Glen amendments” were introduced to stop Pakistan regarding nuclear proliferation.\(^{98}\) US was using all measures to stop Pakistan from getting nuclear technology.

Hence, Iran which was most liked by US in this decade and US itself were tilt toward India in terms of political, economic and diplomatic relations.\(^{99}\) Iran’s economic relations with India were strengthening while becoming weak with Pakistan. So, Iran along with the close ties of US and India affected the position of Pakistan. As economic trade volume was already effected and further US did not give importance to Pakistan on its long awaiting request of Aircrafts named A-7 for its defense measures. Even US rejected the request of Aircrafts and US stated that morally she was not ready to spread arms race in South Asia.\(^{100}\)

On the other hand Iran was getting arms from US which make it a strong military power in the region. Shah of Iran was now a loyal friend of US, even request of arms worth 12 billion dollars by Shah of Iran to US was under consideration in the last days of Shah.\(^{101}\) Even Shah of Iran was also motivated to get a nuclear power.


\(^{100}\) Khalilzad Zalmay, “Pakistan and the Bomb,” *Survival* 21, No. 6 (1979), pp. 244-250.

Iran’s nuclear program was initiated in 1959. It was Raza Shah Pahlavi’s regime when Iran initiated its nuclear program. Iran was intending to launch its nuclear program with the help of US, as Iran-US ties were friendly during Pahlavi regime. About 23 nuclear reactors were planned to be formed by Iranian government. Shah of Iran was becoming a military power of region but interestingly he was against the nuclear program of Pakistan.

Economic conditions of Pakistan were badly affected in this decade due to some other reasons also. Withdrawal of UK from Suez Canal, Increase in prices of oil 1973 and fall of Dhaka in 1971 these were the major issues which directly affected the economic condition of Pakistan. The economic position of Pakistan was become weak as compared to Iran in this decade. This was reverse, as already argued that before 1970s the economic and military position of Pakistan was stronger than Iran. Iran get more benefits on the basis of rise in oil prices which directly developed its economic position. Hence for Iran appeared as a stronger regional military and economic power. Pakistan was facing a major challenge of dismemberment as its bigger part West Pakistan was escaping from its control. Consequently, “Pakistan was divided, defeated, demoralized, and in the eyes of the

103 Ibid.
105 Berindernat, “No noise about Bhutto’s visit to Iran,” The Daily Patriot, April 1, 1977.
Further the economic policies adopted by Bhutto were not helping Pakistan to get rid off from bad economic situation, even Bhutto’s policies were disaster for Pakistan. On the other hand Iran was getting more benefits due to increase in oil prices. Hence Iranian economic was developed as compared to Pakistan’s progress in economics. In this period Shah of Iran changed his behavior towards Pakistan. According to Amin, Shah of Iran adopted “patronizing attitude towards Pakistan”.

Shah presented himself as a superior to Pakistan government and did not provide equal friendly opportunities. He showed hated behavior towards Pakistan and even did not care about his friendly relations with Z.A Bhutto. Shah did not care about Pak-India rivalry and he started friendly relations with India. Shah was tilt toward India which also irritated Pakistan. Even, Bhutto replied on a question about the friendship with Iran, “Before when I talked with him, I used to talk to him as a brother. Now, I have an audience”. Shah of Iran changed his attitude towards Pakistan because he was assigned another task by the US administration in the region. Hence Iran was struggling to be a strong power of the region with the backing assistance of US. In this way, even he refused Pakistan’s request for support.

regarding nuclear program. Basically Iran’s support was important for Pakistan but Iran’s new priorities in this period escaped her to do so.

Iran and Arab states were not in favor of each other on one side, on the other hand due to new task assigned by US Iran was wrangling for development and power in the region. Further Shah’s patronizing attitude towards Pakistan affected the foreign policy of Pakistan. Now, Pakistan under the leadership of Bhutto tilts towards Arab states. Hence, especially Pakistan and Saudi Arab’s relations were developed during this period due to “patronizing attitude of Shah”. It is fact that Bhutto was making good relations with Saudi Arab, but also he was well informed about the importance of Pak-Iran relations.

Selfish attitude of Shah of Iran was seen in 1970s. On one side he was not favoring Pakistan for getting nuclear technology but he was working for his nuclear assets. On the other hand at the same time he was assisting Pakistan to get rid of from Baluch rebellions. As Baluch rebellions were also threat for Iran. In 1973 it was Shah of Iran who assisted Bhutto administration to stop the Baluch rebellion during Baluchistan crises. In realistic approach stop the Baluch rebellion was also in favor of Iran but it was most in favor of Bhutto administration. Hence for Shah also provide Pakistan some helicopters and logistic support to curb the Baluch rebellion.

Along with “patronizing attitude of Shah” there were also some other issues for Pakistan government. Pakhtunistan issue was one of the major issues for Pakistan

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Balouch nationalists were also one of the big issues for Pakistani government. Further the political change in Afghanistan, new government of Sardar Daud was supporting the Pakhtunesas as well as Baluch nationalists. Hence, Afghanistan putted fuel in already burning situation of Pakistan. Iran was also worry on the role of Afghanistan. As Iran were also not in favor of Afghanistan assistance to Baluch elements. As Baluch elements were not only creating issues for Pakistan but also for Iran in its area of Baluchistan. Hence, Iran facilitated both Pakistan and Afghanistan in terms of diplomatic relations. Iran was of opinion that good relations of Pakistan and Afghanistan were in favor of Iran. Bhutto visited Afghanistan and in return Sardar Daud also visited Pakistan in 1976. Bhutto and Daud’s dialogue for normalizing the Pakistan-Afghanistan relations were not processed so long as Zia ul Haque imposed martial law in Pakistan and kick out the Bhutto administration in 1977. In Afghanistan Sardar Daud’s government was also overthrow in 1978. Zia introduced Islamic reforms after imposing martial law in Pakistan and in 1979 Islamic revolution in Iran changed the regional political scenario.

Iran and Saudi rivalry promoted sectarianism especially in Pakistan. Islamic revolution and Islamization program of Zia started the unending issue of sectarianism.

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122 Z. A. Khan, “Pakistan and Iran in Afghanistan: From Soviet Intervention to the Fall of Taliban,” Journal of Central Asia, 2009 Vol. 2, No. 64, pp.44.


Hence, in this situation the regional and global scenario was changed due to Islamic steps in Pakistan and Islamic revolution in Iran. Pak-Iran close ties were again restarted with the end of government of Shah. Kaleji argue that overthrow of Bhutto government by Zia and Islamic revolution in Iran again brought both countries more closely as compared to the Bhutto and Shah ties.\textsuperscript{125} Pakistan was the first country who recognized Islamic republic of Iran in 1979 a reciprocal step with the past recognition of Pakistan in 1947 by Iran.\textsuperscript{126} New opportunities and challenges were appeared after Islamic revolution in Iran.

### 2.8 Pak-Iran relations post Islamic revolution in Iran 1979

Iran’s foreign and domestic policies were entirely changed in 1979 with the Islamic revolution. And Iran transformed its policy with a new ideology. Fall of Shah and emergence of new regime completely affected the foreign policy of US. Before 1979 Shah was loyal friend of US, but with the Islamic revolution US lost not only its loyal friend but also Iran itself. As new revolutionary government of Iran under the leadership of Imam Khomeini, was considering US as enemy.\textsuperscript{127} If we focus on the three major developments which happened from 1977 to 1979, the Islamic revolution in Iran and Soviet invasion in Afghanistan, political change in Pakistan all these events reversed the political, social, economic and strategic destiny of Pakistan and Iran.

Before 1979, US were having friendly relation with Iran but not with Bhutto administration and Pakistan was in trouble. But after Islamic revolution Iran-US rivalry increased while Pakistan become close to US.\textsuperscript{128} Pak-Iran ties were initiated again with cordial and friendly style. Pakistan along with recognition to Islamic republic of Iran did not remain silent on the US contradictions with Iran. In 1980 US released its citizens by force from Iran and Pakistan expressed its protest against US


\textsuperscript{126} Ibid.


on this forcible act. Hence Pak-Iran ties were more developed after fall of Shah. In 1980 Pakistan was busy in Soviet war in Afghanistan while Iran was busy in war against Iraq. In this situation Pakistan fully informed Iran time to time regarding the peace building measures under United Nations authorities. Hence, in this situation where Iran was away from fighting war in Afghanistan, Pakistan fully updated Iran regarding different developments. Iran was paying diplomatic support to Afghanistan against Soviet invasion but Iran did not play much role in this war as compared to Pakistan because Iran was fighting war against Iraq.

Consequently, Pak-Iran ties were developing in positive gestures after Islamic revolution as compared to past Shah’s regime. As Shah was no more ruler of Iran with his “patronizing policy towards Pakistan.” US imposed embargo on Iran due to Iran-Iraq war, consequently Iran was not ready to facilitate US interest in Afghanistan and at the same time Iran was intending to prevent its province Khuzestan from Iraq army. In this situation Iran was struggling for getting economic and military assistance from Soviet Union. Interestingly in this situation Pakistan tilt toward US and Iran tilt toward Soviet Union, but Pak-Iran mutual ties were balanced and did not affected due to their different choice of US and Russian block respectively.

Another interesting point, Iran did not play its role in Afghanistan against Soviet Union. But Iran was agreed with the demands of Afghanistan against Soviet Union. Soviet Union was departure from Afghanistan and the Iran-Iraq war was ended in 1988. In this situation Iran was able to play role in Afghanistan more effectively. After departure of Soviet Union the new situation of Afghanistan

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provided new opportunities for both Pakistan and Iran to develop the regional politics. Hence a proxy battle was started between Pakistan and Iran to get more influence in the region. According to Low, proxy battle field between Pakistan and Iran to “prevent one or the other from gaining geopolitical dominance” that prejudiced their relations during the 1990s. Initially, Pakistan supported Iran in war against Iraq as Pakistan was expecting Iranian significant role in Afghan war against Soviet Union. But due to pressure of Saudi Arab and US Pakistan get back from supporting Iran. In 1970s Pakistan was disappointed from Iran, as Iran-India ties were developing. But in 1980s Iran-India ties were not good because India was supporting Iraq against Iran. Hence this time Iran disappointed from India. India was supporting Iraq due to Iranian stance on Kashmir issue. But Pak-Iran ties were still affecting due to sectarian ideological difference. Pakistan the Sunni dominated and Iran the Shiit dominated; now ideological differences were developing on the basis of sects. Even, Islamic revolution 1979, Iran’s opposition towards Sunni dominated Pakistan was grown. Hence, ideological differences were the major cause of Pak-Iran disturbed relations.

Pakistan is a majority Sunni Muslims while Iran is majority Shia Muslims country. Another difference appeared between the relationship of both countries was sectarian ideology. As Kaleji argued that Pak-Iran relations were affected due to ideological points. Further these points put fuel in these ideological differences with the Zia’s Islamic reforms in Pakistan. As Shia community of Pakistan was feeling unsecure with the so called Islamization agenda of Zia. President Zia introduced Islamic reforms for prolonging its regime and he presented wrong


interpretation of Islam.\textsuperscript{138} Shia people of Pakistan were considering Zia as Shia enemy and they started agitation against Zia’s Islamic reforms to protect their rights. Shia people were considering Zia as their sectarian enemy. Allama Mufti Jaffar Hussain the head of Tehrik NifazFiqhJafria (TNFJ) launched a protest demonstration in Islamabad in 1980 to protect Shia rights against Zia’s reforms. One of the prominent leaders of TNFJ who later became head of TNFJ Allama Arif Hussain Al-Hussaini argued\textsuperscript{139} Shia activism for the protection of their rights also activated Saudi Arabia to support Sunni dominated Pakistan under Zia’s leadership. Hence, a political conflict emerged on the sectarian basis. Consequently, Saudi Arab and Iran supports to Sunni and Shia respectively make Pakistan a sectarian battle field.\textsuperscript{140}

During Afghan war many madrasas in Pakistan were funded by foreign aid to deal with Soviet Union. After departure of Soviet Union from Afghanistan these madrasas were turned to increase in sectarianism in Pakistan.\textsuperscript{141} Ahle-Hadith madrasas were funded by Saudi Arab during and after end of Afghanistan war and later Iran also started supporting to Shia madrassas which increased sectarian divides.\textsuperscript{142} Post Afghan war, some Pakistani elements of establishment, established many militant groups to play their role in Kashmir and Afghanistan.\textsuperscript{143} Mostly these were Sunni militant groups, with the role of these groups, clash of interests between Pakistan and Iran increased consequently.\textsuperscript{144} Islamization of Zia regime for promotion


\textsuperscript{139} Ibid.


\textsuperscript{143} Ibid.

of Sunni Islam irritated Iranian revolutionary regime. Clash of interests were increasing between Pakistan and Iran.

Iran-US rivalry was still there while Pakistan was US ally in Afghanistan war. But at the same time there were also some positive gestures while maintaining Pak-Iran relations. Iranian stance on Kashmir issue in favor of Pakistan is evident of positive gesture.¹⁴⁵ Both countries condemn Soviet invasion in Afghanistan. Soon after Islamic revolution in Iran, Iran-US rivalries get started. Both countries were against each other. US were intending to destabilize Iran. Vice President of US George H.W Bush visited Pakistan in 1984, he suggested the President of Pakistan to establish training centers for militant groups against Iran. But Pakistan’s President rejected this destabilizing idea against Iran. Pakistan again expressed positive gestures for Iran, and was not intending to destabilize Iran. Further, President Zia visited Iran soon after Islamic revolution 1979. Iranian president Khamenei who is now Iranian supreme leader visited Pakistan in 1986. These visits were of great significance for both Pakistan and Iran.

During this decade 1990s, Dr. Abdul Qadir Khan, Pakistani scientist’s first interaction was traced for Iranian nuclear program. Iranian revolutionary leadership stopped Iranian nuclear program as they were of opinion that this program was associated with Shah and US. Because revolutionary regime was against US and was also against the policies of Shah.¹⁴⁶ Iranian nuclear program remained stopped due to Iran-Iraq war. But later when Iraq used chemical weapons in war against Iran then Iranian leadership noticed the significant of nuclear program for their security. Consequently Iran was intending to make strengthen her defense. Pakistan with its significant role in Afghanistan war was became hub of weapon supply. Pakistan was able to deliver its nuclear program under the umbrella of weapons supply during

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Afghan war. Dr. A.Q Khan was given free hands by government of Pakistan to develop its nuclear program. Hence, he was also allowed to deal for either import or export of centrifuges. The first deal with Iran was signed in 1987.\textsuperscript{147} The nuclear dealing with agents of A.Q Khan and Iranians were running in terms of development.\textsuperscript{148} Along with this deal, yet sectarian issues were existed in between Pakistan and Iran. Further both countries were facing proxy war in Afghanistan. Nuclear dealings were even continues in 1990s while it is fact that Pak-Iran relations were much disturbed in 1990s with the incident of Mizar e Sharif. Even we can say that decrease in bilateral trust touched the bottom line ever.

\section*{2.9 Bilateral ties of Pak-Iran touched bottom line ever in 1990s}

In 1990s political developments in international and regional scenario affected Pak-Iran relations. Also mutual distrust increased in 1990s between Pakistan and Iran. Iran-Iraq war was ended in 1988; death of Imam Khomeini the founder of Iranian revolution, death of President Zia brings political changes in Pakistan with the emergence of Benazir Bhutto, departure of Soviet Union from Afghanistan in 1989 and later fall of Soviet Union in 1991, all of these events directly and indirectly affected Pak-Iran relations.

After the death of Imam Khomeini the foreign policy of Iran became more pragmatic and realistic. President Rafsanjani adopted the realistic approach while maintaining its relations with all countries specially Gulf Cooperation Council (GCC).\textsuperscript{149} Iran got more importance in terms of regional politics, as Russia, China and India were giving her importance in the region.\textsuperscript{150} Fall of Soviet Union the new Central Asian Republic (CARs) were emerged which created many challenges and

\begin{flushleft}
\textsuperscript{148} Ibid.
\textsuperscript{149} R. K. Ramazani, “Iran's foreign policy: Both North and South,” \textit{Middle East Journal} 46, No. 3 (1992), pp. 393-412.
\end{flushleft}
opportunities for the region as well as for Iran. Iranian foreign policy makers were motivated to create good relations with new CARs, as it was right for their national interest with the realistic approach.\footnote{R. K. Ramazani, “Iran’s Foreign Policy: both North and South,” \textit{Middle East Journal}, 46(3), (1992), pp. 393-412.}

Hence, Iran formed a new policy while maintaining its relations with Afghanistan. Afghan Mujahedeen were irritating Iran. As these Mujahedeen were having back support from Pakistan and Saudi Arab.\footnote{Andreas Wilde, “Continuity and hiatus: Structural patterns of Iran's policy in Afghanistan, In Internationales Asien Forum,” \textit{International Quarterly for Asian Studies}, vol. 40, No. 1/2, 2009), p. 11.} Iran motivated the Shia groups in Afghanistan to be united with the government of Najibullah\footnote{Ibid.} as Mujahedeen were against Najibullah’s regime. Further Iran become close to India for their common interests in Afghanistan, while Pakistan was worry on this Iran-India ties. Hence, interests of both countries Pakistan and Iran in Afghanistan were basically creating distance between both countries (Pakistan and Iran). Even with the fall of Najibullah’s government in Afghanistan 1992, Pak-Iran relations were much disturbed. As Iran was in favor of Najibullah, and further Iran was integrating Shia groups with government of Najibullah. On the other hand Pakistan was against the Najibullah’s regime in Afghanistan. Hence, clash of interest increased on Afghanistan’s political changes.\footnote{S. M. Amin, \textit{Pakistan's foreign policy: a reappraisal} (Karachi: Oxford University Press, 2010), p.123.} Iranian government was not satisfied with Peshawar Accord 1992 and Islamabad Accord 1994 while Pakistan was providing Afghanistan’s political parties to do so these Accords. In this situation Iran was supporting to Burhanuddin Rabbani. Further Prime Minister of Pakistan Muhammad Nawaz Sharif visited Afghanistan in 1993. He ignored Iranian diplomats while intelligence chief of Saudi Arab was with him during this visit. This act of Pakistan’s premier more affected already disturbed Pak-Iran ties.\footnote{Z. A. Khan, & S. A. Ahmad, “Pakistan and Iran in Afghanistan: From Soviet Intervention to the fall of Taliban,” \textit{Central Asia Journal}, (2009), p. 64.} Pakistan was supporting Taliban’s regime and Iran for the sake of its
national interest getting close with India annoyed the situation.\textsuperscript{156} Both countries were struggling to achieve their goals in favor of their national interests, consequently Afghan civil war rise.\textsuperscript{157}

As a result distrust and unfriendly relations emerged in between Pakistan and Iran. Further, in 1998 the incident of Mizar e Sharif when Taliban attacked on Iran’s diplomats, many diplomats were killed and there were some strong evidences that some Pakistani military symptoms were backing Taliban. Consequently, Iran was struggling to take strong steps against Pakistan officially and unofficially.\textsuperscript{158} Pakistan was noticing the development in Iranian stance after the incident of Mizar e Sharif. As a result, Pakistani forces demanded Iran to call back its 60 diplomats immediately, Pakistan’s this decision resulted ever worst situation of Pak-Iran ties.\textsuperscript{159}

Fall of Soviet Union brought political changes in the region. Collapse of Soviet Union motivated regional countries to review their foreign policies. As new challenges and opportunities were appearing aftermath situation. Hence, Pakistan and Iran were also noticing the significance of new regional changes for their interest. After the fall of Soviet Union, 15 new states including 5 CARs emerged.\textsuperscript{160} Both countries get started the struggle to get more benefits from new states. Both countries were on a same stance to include these new states in ECO, but still there was clash of interest for political and economic relations with new states.\textsuperscript{161} Both countries were getting away from each other while searching benefits from CARs. Due to “Zero sum

\textsuperscript{156} Ibid.
\textsuperscript{159} Ibid.
security dynamics” in South Asia region Pak-Iran ties were affected. Iran along with India was on a same stance while getting opportunities in CARs which was affected Pakistan’s interests in the regional politics. Iran adopted realistic approach and tilt towards India while securing its interests in CARs. On the other hand Pakistan was also intending to secure its interests in CARs; hence Pakistan supported Taliban government in 1990s later half. Pakistan supported Taliban regime to get security assistance from Afghanistan to secure its trade routes with CARs.

Further major challenge during this period was Sectarianism the major hurdle in Pak-Iran ties. Pakistan and Saudi Arab aware of the ethnic, etymological, and social fondness between Iran, Tajikistan and the people groups in Afghanistan who speak Persian like Hazara community, needed to keep any close connections among the three nations. Sectarianism was a little hurdle during 1980s which was manageable but later in 1990s Sectarianism appeared as a major issue in Pak-Iran relations. As Sectarianism rise in 1990s the Iranian diplomats were attacked by Sunni militant groups in Pakistan. Pak-Iran ties were bitterly affected due to the murder of Irani diplomat Sadiq Ganji in 1990 who was the head of Irani cultural center in Lahore. This incident created more gaps in Pak-Iran ties. Further another head of Iranian cultural center named Agha Rahimi and six cadets of Irani air force were killed in 1996 in Rawalpindi. Iran was raising protest regarding these sectarian killings of their

166 Shireen Hunter, Iran's foreign policy in the post-Soviet era: resisting the new international order (New York: ABC-CLIO, 201), p. 92.
diplomats and cadets. Furthermore the Iranian cultural centers of Multan and Lahore were attacked by sectarian militant groups. This situation made Iran alert, but Iran did not detach the diplomatic relations with Pakistan.\footnote{Shireen Hunter, \textit{Iran's foreign policy in the post-Soviet era: resisting the new international order} (New York: ABC-CLIO, 2010), p. 201.}

Interestingly, along with this situation of un-trust between Tehran and Islamabad the relationship of Dr A.Q Khan’s network with the Iranian nuclear program was developing more and more since 1980s. Pakistan was already facing sanctions from US regarding her nuclear program, so Dr A.Q Khan and his network was intending to create nuclear relations with Iran so that to earn money for Pakistan’s nuclear program and also to overcome the loss of US sanctions over Pakistan. Iran was considering Dr A.Q Khan as God’s gift for enhancement of their nuclear program. Might be this was the reason that Iranian foreign minister was the first official from all over the world who visited Pakistan to congratulate on the successful explosions of nuclear test in 1998.\footnote{R. M. Khan, “Towards Harmonization of Pak-Iran Relationship,” \textit{Marghala Papers National Defense University, Islamabad} (2010), pp 88-111.} Iranian FM Kamal Kharrazi stated during his visit that “now, they (Muslims) feel confident, because a fellow Islamic nation possesses the knowhow to build nuclear weapons”.\footnote{Ibid.} And Dr A.Q Khan was already given free hands for the development of Pakistan’s nuclear program. Later, it was proved that he exploited his liberty by exporting centrifuges to Iran.

\section*{2.10 New beginning of Pak-Iran relations since Khatami regime}

Muhammad Ahmed Khatami became President of Iran in August 1997. At this time there was much tense situation of Pak-Iran relations. The incident of Mizar e Sharif happened in 1998 when Paki-Iran ties touched the bottom line ever. In the same year Pakistan appeared as first Muslim nuclear state. And foreign minister of Iran first of all visited Pakistan to pay congratulations on becoming first Muslim
nuclear power state. Hence, the significant importance of Pakistan further increased in the regional politics. Further President Khatami adopted moderate foreign policy while creating good relationship with the other states especially with Pakistan. Since 1979, foreign policy of Iran was not moderate but foreign policy of President Khatami was much moderate as compared to the past leaders.\textsuperscript{171} Pakistani foreign minister Sartaj Aziz paid visit to Tehran in 1999, this visit played important role in normalizing the Pak-Iran relations.\textsuperscript{172} Further political change in Pakistan was seen in the same year as General Musharaf kicked out the Nawaz government. Hence, Khatemi regime with moderate foreign policy and political change in Pakistan were the reason of a “new beginning” in between Pak-Iran relations.

2.11 Fall of Taliban; a major hurdle erased in Pak-Iran relations

Taliban were the major hurdle in Pak-Iran ties during 1990s as mention earlier, the end of Taliban regime in 2001 affected Pak-Iran ties positively\textsuperscript{173} and major irritated hurdle Talban’s regime was no more. After fall of Taliban government in Afghanistan the foreign minister of Iran Kamal Kharrazi visited Pakistan and in 2002 President Khatami visited Pakistan which was warmly welcomed by Pakistani government.\textsuperscript{174} In next two years for reciprocal gestures Prime Minister of Pakistan Mir Zafarullah Jamali and Shoukat Aziz visited Iran in 2003 and 2004 respectively.\textsuperscript{175} Consequently both countries were motivated to develop their political and economic relations through bilateral visits. Both countries were off same opinion regarding Bonn Accord to show support for new government of Karzai in Afghanistan.\textsuperscript{176}


\textsuperscript{172} Z. A. Khan, \& S. A. Ahmad, “Pakistan and Iran in Afghanistan: From Soviet Intervention to the fall of Taliban,” \textit{Central Asia Journal}, (2009), p. 31.


\textsuperscript{174} Ibid.

\textsuperscript{175} Ibid.

\textsuperscript{176} Z. A. Khan, \& S. A. Ahmad, “Pakistan and Iran in Afghanistan: From Soviet Intervention to the fall of Taliban,” \textit{Central Asia Journal}, (2009), p. 64.
Hence, the fall of Taliban became reason for the emergence of Pak-Iran relation’s new era. As major hurdle Taliban were no more, and different scholars are of the opinion that Iranian grievances were not addressed by the Pakistani foreign policy makers. Hence 21st century started with a new beginning of Pak-Iran relations.

2.12 Post 9/11 Scenario and USA attack on Afghanistan.

President Musharaf paid a surprise visit to Iran on 7th November 2001 while he was going to attend annual session of UN General Assembly in New York. In Iran, a meeting was held between President Musharaf and Vice President of Iran Mohammad Reza Aref. The important agenda of meeting was Afghanistan issue in post 9/11 scenario. After 9/11 both countries were against Taliban which ultimately developed Pak-Iran ties. Both countries were participating actively to bring peace and prosperity in Afghanistan but both countries were not on a same page in context of so called GWOT. As, both countries were having different policy stance regarding GWOT.

Pakistan and Iran shares a long border with Afghanistan and still both countries are facing refugee crisis since US war against USSR. So it was important to discuss Afghanistan issue after 9/11 for the sake of regional stability. It is fact, that the end of Taliban regime was a new beginning of Pak-Iran relations. As the major hurdle between Pakistan and Iran relations “Taliban” was no more in Afghan government, after 9/11 fall of Taliban provided an opportunity to both countries to be closed. But here another difference appeared in post 9/11 scenario. Both countries condemn attacks of 9/11 against US. President Khatami condemn attacks of 9/11 also Iranian masses gathered in Tehran and they showed sympathy with US people regarding 9/11 attacks. In a soccer stadium Tehran they were having candle lights.

177 CNN, November 7, 2001


to show sympathies with US masses.\textsuperscript{180} Two weeks later 9/11 incident Iranian president Mohammad Khatami stated "Iran fully understands the feelings of the Americans about the terrorist attacks in New York and Washington on September 11." Iranian President condemns the attacks of 9/11 but he was of the view that the revenges measures should be against the terrorists not against the nations. He clearly stated that "Nations should not be punished in place of terrorists."\textsuperscript{181} It was the different foreign policy of Iran than Pakistan.

Pakistan was fully supporting to US for her use of military operation against Afghanistan. And Pakistan was having the status of so called non NATO ally. While Iran although condemn attacks of 9/11 against US but Iran was not supporting US for the using of military option against Afghanistan\textsuperscript{182} as Iranian vice president said in meeting with President Musharraf. US led GWOT and Pakistan was part of this campaign to get economic aid in reward as it was expected from Bush Administration but Iranian case was not like that. As since 1979 Iran called US as its number one enemy. Iran was opposing Taliban regime since then Peshawar Accord 1992 was signed. While Pakistan helped and support them to formulate government in Afghanistan, the Peshawar Accord and Islamabad Accord are the evidences. Many other issues were also discussed including political and economic relations between Pakistan and Iran during Musharraf’s visit to Iran.\textsuperscript{183}

Hence, bilateral meetings, table talks, and negotiations decreased the tense situation of Pak-Iran relations. Iranian Foreign Minister Kamal Kharrazi visited Pakistan, his meeting held with President Pervez Musharraf in Islamabad in November 2001.\textsuperscript{184} Both leaders were agreed for further official’s bilateral talks regarding brotherly, cordial relationship. They agreed to focus on Afghanistan issue

\begin{itemize}
\item \textsuperscript{180} Ibid.
\item \textsuperscript{181} P.I.R.I News Headlines (Tue 80/07/03 A.H.S), Official website of the President of the Islamic Republic of Iran. 25 September 2001
\item \textsuperscript{182} CNN, November 7, 2001
\item \textsuperscript{183} CNN, November 7, 2001.
\item \textsuperscript{184} Dawn December 4, 2001.
\end{itemize}
and decided for the foreign ministers of both countries meeting for this important issue. Musharaf also described that meeting with President Khatemei sidelines of the UN General Assembly annual session was productive and significant.\textsuperscript{185} Hassan Rowhani (Current Iran President) who was the secretary of Supreme National Security Council of Iran in 2001; he came Pakistan and met with Chief Executive of Pakistan, Pervez Musharaf to discuss the political development of Afghanistan. Iran was against the military operation in Afghanistan under US control. Rowhani clearly stated that problems in Afghanistan cannot be solved through military options.\textsuperscript{186} Further he met President Muhammad Rafique Tararr. During his meeting with Pakistani foreign minister Abdusattar both countries were agreed to not focus on low level issues, but to focus upon broader issues. Hence both were agreed to bring peace in the region by creating peaceful Afghanistan.

After visit of Rowhani, in 2001, Iranian foreign minister Kamal Kharazi visited Pakistan. He met new President of Pakistan Pervez Musharaf and with foreign Minister of Pakistan Abdul Sattar.\textsuperscript{187} Both countries agreed for the improvement of their bilateral relations. Further both foreign ministers were agreed about the establishment of new government in Afghanistan under U.N auspices. Since 1992 no head of Iranian state visited Pakistan.\textsuperscript{188} As we know that Pak-Iran relations were not running in a positive gestures due to the major hurdle Taliban. In 2002 President of Iran Muhammad Khatmi visited Pakistan in the last week of December 2002. Khatmi along with his cabinet members, parliamentarians and other high officials provided a new beginning of Pak-Iran relations.\textsuperscript{189} In different meetings which held during this

\textsuperscript{185} Ibid.
\textsuperscript{186} Ibid.
\textsuperscript{187} \textit{Dawn} 30 November 2001. 
\textsuperscript{189} \textit{BBC}, 23 December 2002. 
http://news.bbc.co.uk/2/hi/south_asia/2601521.stm
Iranian high delegation’s visit, IPI project was also discussed which enhanced cordial relationship between Pakistan and Iran.\textsuperscript{190}

Many accords were signed during visit of Khatmi and official delegation. President Khatmi met with president Musharaf and Prime minister Zafarullah Khan Jamali.\textsuperscript{191} In institute of strategic studies Islamabad, Khatmi delivered a speech focusing on “Dialogue among civilizations”.\textsuperscript{192} Four agreements were signed by both countries during visit of President Khatemi\textsuperscript{193}. President Khatami considered this visit as positive and fruitful for Pak-Iran relations.\textsuperscript{194} In response to Khatmi’s visit, Pakistani Prime Minister Zafarullah Jamali visited Iran in 2003 in which he focused on bilateral relations in the sense of regional security, economic and trade concerns and for the enhancement of political harmony for the region.\textsuperscript{195} PM Jamali presented clear stance of Pakistan that Iranian nuclear issue should resolved according to IAEA with negotiations.\textsuperscript{196} No military options should be adopted and matter should be resolved through peaceful means like negotiations.\textsuperscript{197} Hence Pak-Iran ties were developed in positive gestures during Musharraf-Khatami period.

\subsection*{2.13 Disagreement on Deployment of US allies forces in Afghanistan}

\textsuperscript{190} BBC 24 December 2002.

http://news.bbc.co.uk/2/hi/south_asia/2600439.stm

\textsuperscript{191} Ibid.

\textsuperscript{192} Dawn 25 December 2002.


\textsuperscript{193} Dawn 27 December 2002.


\textsuperscript{196} Dr. Maqsudul Hasan Nuri, “Pakistan and Iran”s N-Issue,” The News, (8 June, 2006)

\textsuperscript{197} Ibid.
Incident of 9/11 changed the political scenario of the world. Attacks on world trade center and Pentagon motivated US to launch GWOT to eliminate terrorism. Pakistan has status of so called non NATO ally in GWOT. Further the long strategic partnership with US, Pakistan have different point of view than Iran regarding the operation of US ally forces in Afghanistan. Being US strategic partner, Pakistan was in favor of US led GWOT initiated in Afghanistan. Furthermore, Pakistan has provided NATO forces and US ally the route for supply of oil and other needs to Afghanistan during operation. These kinds of support and cooperation Pakistan became closer with the Washington. In return, Pakistan get many rewards from US, they lifted the sanctions which were imposed after becoming first Muslim nuclear power in 1998. Along with lifting the sanctions, US provided Pakistan aid for different sectors like health, education, social security and environmental development etc. To eliminate extremism and terrorism US provided aid to Pakistan. “Kerry Logger Bill” is one of the major evidence by through US provided aid to Pakistan. Contrary to Pakistan, Iranian policy maker’s view was different in this regards.

The policy of Iran regarding GWOT led by US was different than Pakistan. Although Iran condemn the terrorist attacks in USA on 9/11. But Iran was not in favor of entering forces in Afghanistan led by US. Iranian’s were emphasizing on the role of UN that this operation should be under UN auspices. Iran-US tensions are not new, its roots exist back 1979. Iran considered US enemy since 1979. Iranian spread globally hate slogans against US. Iran’s supreme leader Ayatollah Ali Khameini said that Iran was not going to be ally of US against terrorism, because US was not “sincere” in this way. He further explained that when US is continuously supporting an illegal state Israel, and Israel with the help of US was spreading terrorism against Palestinian innocent people. Khamenei stated, that it was unjustified that a country (US) supporting terrorism there in Palestine, would go to initiate anti terrorism campaign in Afghanistan. Hence difference of policy adoption was seen in context of GWOT between Pakistan and Iran.

2.14 Pakistan And Iran Reservations On Their Relations with India And US respectively

Both countries have strong reservation upon each other regarding their relationship with some other states. Pakistan is worry about Iran-India ties for economic and strategic point of view. Iran and India signed an agreement for defense cooperation.\textsuperscript{199} Iran and India signed “The New Delhi Declaration” during the Iranian President’s visit to India.\textsuperscript{200} President Khatami visited India on 25\textsuperscript{th} January 2003, in his meeting with Indian Prime Minister Atal Behari Vajpayee he stated the two sides perceive that their developing key meeting should be supported with a solid financial relationship. Vitality part has been recognized as a vital territory of their future relationship in which interests of India and Iran supplement each other. India and Iran likewise consented to investigate open doors for participation in guard in concurred zones, including preparing and trade of visit.\textsuperscript{201} Iran’s growing friendly relations with India were irritating Pakistan, hence Pakistan was showing dissatisfaction on growing relationship of Iran and India.

Iran has also allowed India to open its consulate in Zahidan. Again, Pakistan showed her grievance on Indian consulate in Zahidan as Zahidan is near to Pak-Iran border.\textsuperscript{202} Infect Indian consulate near Pak-Iran border was a dangerous for security in Baluchistan region. Hence, Pakistan was unhappy on Iran-India’s growing defense cooperation, formation of Indian consulate in Zahedan nearing Pak-Iran border side and “The New Delhi Declaration”. Further Pakistan was unhappy on developments of Iran-India ties, as Pakistani officials argued that Iran has introduced India in Afghanistan’s politics which was not in favor of Pakistan. On the other hand, Iran was worry about Pak-US ties especially after 9/11. Pakistan became non NATO ally in


GWOT. Pakistan was providing a supply line to NATO forces in Afghanistan. Hence, Pak-US ties were developed whereas Iran was unhappy on this development. Iran was against US role in Baluchistan, as there were some evidences that US along with the assistance of Israel were backing Jundullah in Baluchistan which was doing terrorist activities against Iran.

2.15 Conclusion

Pakistan and Iran are Muslim neighboring countries. Both countries have significant position in the political and economic dynamics of the region. Even the bilateral ties of both countries always affect the regional stability. Historical view of Pak-Iran relations reflects the realistic stance of both sides as compared to Idealistic approaches while maintaining their bilateral relations. It is fact that idealist points like religious commonality, longstanding history, cultural impacts etc were the reason when Pak-Iran relations were initiated in 1947. But later situation presented a clear realistic approach as national interests of any country always dominant on any other thought.
CHAPTER-3

PAK-IRAN POLITICAL CHALLENGES AND OPPORTUNITIES

Historically, it is fact that Pak-Iran relations were started in 1947 when Iran first of all recognized Pakistan as a sovereign state. Neighborhood, religious commonality bilateral trade and cooperative diplomatic relations are the baseline of Pak-Iran friendship. Iran supported Pakistan against India in two wars i.e. 1965 and 1971, all above are the basis of Pakistan Iran relations. Both countries supported each other in different natural disasters. Challenges and opportunities in Baluchistan region will be discussed also.

This chapter will examine the challenges and opportunities which both countries faced during 2005 to 2015. It will be systematically examined that whether relations were strengthened or become instable in this period. It will be focused on what were the major areas where there clash of interest increased between the both countries. And how foreign factors affected the relations of the both neighbors? Also it will be examined that how Iran or Pakistan itself created stability or instability in the region ultimate affects of GWOT or the affects of post 9/11 scenario on the mutual relations of both Islamic countries. How Pak-US ties and to what extent Iran-US ties effected their (Pak-Iran’s) mutual relations. Changing environment of Middle East, role of Saudi Arab, India and Afghanistan will also be discussed.

3.1 Background

Before the incident of 9/11, relations between Pakistan and Iran especially in the early 1990s were gradually touching its lowest ebb. Major hurdle between the bilateral relations of Pakistan and Iran was “Taliban”. Infect, the fall of Soviet Union in 1991 and subsequently almost all parties of Afghanistan decided to kick out the Najibullah’s communist government from Afghanistan and they were going to decide to form a collective government. In this motive they signed an agreement in Peshawar. All except the party of Gulbadin Hikmatyar, they signed Peshawar accord in 1992. 203 Soon after two years in 1994 these parties signed another power sharing

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accord, named Islamabad Accord. These accords were not only creating a new political environment for Afghanistan but also it has created new political environment in the region. Consequently, Pakistan and Iran bilateral relations were being affected by such created new environment in Afghanistan. As Iran, was supporting to Professor Burhanuddin Rabbani while Pakistan was fully supporting to Taliban’s new regime.

As Pakistan facilitated Taliban upcoming regime, the both accords were signed in the cities of Pakistan which is clear evidence that Pakistan facilitated Taliban. This close ended question either Rabbani or Taliban was a basically so called political “compulsion” for both countries. Iran was protecting and securing her interests through supporting to Rabbani while Pakistan was also protecting its interest by supporting to Taliban. In this period Taliban regime became hurdle for the both Pakistan and Iran, especially Taliban’s extremist attitude was creating worst situations in the region. Later on US led GWOT was started against Taliban due to Taliban’s extremist attitude and activities.

Before 9/11 Pakistan foreign policy makers were not giving importance to extremist attitude of Taliban on the name of “strategic compulsion” on one side, while on the other side Iranian policy makers were presenting their protest and reservations about Taliban formally in front of Pakistan administration time to time in 1990s. Sudden the incident of “Mizar e sharif” which happened in 1998 in Afghanistan put fuel on already burning situation. Iranian diplomats were being killed in this incident attacked by extremist Taliban. And also Iran provides evidences that some Pakistani armed personnel were backing Taliban for this incident.

Consequently, Iran had given her extreme response to both Taliban and Pakistan government, the evidences shows that Iran was going to launch some extreme steps against Pakistan and Taliban, officially and unofficially. Due to

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incident of Mizar e Sharif, Pakistan’s relations with Iran were almost going to an end. Nontrusted and unreliability was seen by both sides upon each other. Infect Taliban was the major reason on hostile Pak-Iran relations. This challenging environment affected not only the regional politics but overall Pak-Iran relations touched their lowest ebb. As furthermore Pakistani security agencies demanded from Iran to call back their 60 diplomats from Pakistan. Hence “Lowest ebb” was everyone noticing, because Pak-Iran relations were going to almost an end. Consequently, since 1992 to 2002 none head of Iranian state visited Pakistan. Hence due to lake of bilateral visits Pak-Iran relations were almost ended even more than lowest ebb.

3.2 Introduction

The focal point of consideration of the worldwide legislative issues is changing bit by bit from the North Atlantic to the Asia-Pacific and the Indian Ocean as of now. Ideas like, Asia rising, 'the new grate game', and so forth are altogether articulations of the broad and quickly changing worldwide political economy. Southwest and Central Asia be a habitation one-fifth of the world's populace, half of the world's raw petroleum and gas holds, two nuclear forces and one in the building stage, and two open finished universal wars of Afghanistan and Iraq. Also, the area is alluded to as the place of world's most ancient human advancements, one of the main five economies and in addition a standout amongst the most essential developing markets with huge planned for ventures.\textsuperscript{207}

Emergence of Islamic revolution in Iran in 1979 and the Soviet-Afghan war placed Iran and Pakistan in conflicting religious ideologies and regional geostrategic arrangements. Given that from 2001, though, the two countries have administered well to sustain regular bilateral relations even with some continuous nuisances for instance outskirt uncertainty and their dissimilar methodologies with Saudi Arabia, the US, Afghanistan and India. In the wake of outlining an essential slant towards Saudi Arabia and its outlook on the Syrian clash, the sitting Pakistani government is finding a way to adjust its ties with Saudi Arabia and Iran.

Overlooking the Saudi factor, global authorizes on Iran are drawn out to apply weight on the two nations' financial and exchange participation. Iran trusts that Saudi

\textsuperscript{207} Ibid.
Arabia and the US are behind Pakistan's pitiful reaction to finishing the Iran-Pakistan gas pipeline venture as showed by the understanding marked in 2013. Likewise, Iran has genuine worries over Iranian Sunni activist gatherings that are attempt to discovering assurance in and working out from zones of Pakistani Baluchistan circumscribing close Iran, and the illicit transportation of medications and arms from Afghanistan and Pakistan to Iran. The developing energy for the fanatic against Shia and hostile to Iran gather known as the Islamic State among Pakistani and Afghan activist gatherings could put in to Iranian concerns relates to cross-fringe fear mongering. While Asia has turned out to be more significant, there has been changed and considerable major powers involvement in the region. The United State’s policy regarding West and Central Asia has been to encourage democratic systems, economic-liberalization of the countries to employ them in the international system. This course of action was emphasized by means of several military bases; en routed for to fight against terror campaigns to protect the national interests of the United States of America. Even though not the focal point of this research work, the US being there in the region and her enhanced commitment with Pakistan and Iran have to be intuitive inside minds, as looking into the matters of energy politics in Asia.

Iran was the first ever country who recognized Pakistan officially soon after its inception and whose head of the State came on official visit to Pakistan in 1950. The Shah of Iran’s visit to Pakistan laid down the foundation of mutually trusted and cordial relations between both countries. Both countries agreed to improve bilateral cooperation in various fields especially to work together on economic and political relations. In result, Iran and Pakistan agreed to sign a ‘treaty of friendship’ for future roadmap of the trustworthy bilateral ties. These initial steps helped in a way to named Pakistan-Iran border as to be the “Border of peace and friendship”. Despite the differences of the religious ideologies as Pakistan with having Sunni majority and


Iran having the Shiite majority, the Islamic identity still remains the main cause of the close relationship. In this context, Pakistan openly supported Iran in its war against Iraq and on the other hand Iran even sent an economic help in the form of oil to support Pakistan in its wars against India.\(^\text{210}\)

Pak-Iran relations are guided by different merging and divergences of interests in different fields. Unions have encouraged the relationship while the difference of interests remained a noteworthy obstruction to expected increment in these relations. It is vital that Pakistan's relations with Iran have no regional prosecution, dissimilar to having numerous regional questions with its neighboring conditions of India and Afghanistan.\(^\text{211}\) Relations between Pakistan and Iran have a very complex nature and dynamics, affected largely by many regional and global factors. In the past, Iran and Pakistan have friendship and cooperation, despite the fact that was not always a smooth relationship. But in most cases external factors were the primary reasons to a certain extent, than deep-seated tensions, such as Pak-US relations, Iran's friendly ties with India, and the Arab countries and over and above conflicting political supports in Afghanistan.

Pakistan-Iran bilateral relations passed through serious strains during the early 1990s due to the increased influence of anti-Shia terrorist organizations in Pakistan, the killing of Sadiq Ganji, Iran's Counsel General, who was killed in Lahore in 1990 by anti-Shia militants, worsen the situation.\(^\text{212}\) Furthermore, the bilateral relations were deteriorated with the emergence of Taliban’s government in Kabul. The major irritant in relations was amplified sectarianism and killing of Shiites in Pakistan during the 1990s.

The ongoing unrest in Afghanistan has created the suspicions between Pakistan and Iran, while supporting the opposing camps, the Taliban and the Northern Alliance. The emergence of the militant group ‘\textit{Jundullah}’ to majorly defend the


cause of the Sunni majority in Baluchistan in Pakistan, intensified the situation further and at the same time Iranian support to the groups working with the consent of Pakistani security agencies is also an important factor, if not openly admitted. However, realization of mutual security interests of the two countries now evolved into a tripartite mechanism including Afghanistan, to coordinate on mutual interests, in the wake of possible withdrawal of NATO forces from Afghanistan.²¹³

Bilateral relations always can be enhanced with the help of table talks, political visits and political dialogue and negotiations. So the first step taken by Pakistan, when Foreign minister of Pakistan Sartaj Aziz visited Iran in 1999. This visit normalized the situation of bilateral relations of Pakistan and Iran. Furthermore due to the events of 9/11 and the fall of Taliban and GWOT, bilateral relations were getting positive, because “Taliban” were the major hurdle of deteriorating relations which was going to end. Hence a new beginning of Pak-Iran relations was initiated by the both countries. We can say that fall of Taliban created such a good environment for the both countries in context of their bilateral relations. The visit of Iranian foreign minister Kamal Kharzaie in 2001 and the visit of Iranian president Muhammad Khatmi in 2002 again promoted the brotherly, cordial, neighboring Pak-Iran relations. Both countries were agreed on Karzai government according to Bonn Accord. Positively initiated Pak-Iran relations in 2001, we will describe and analyzed that what different challenges and opportunities both countries faced during this period 2005-2015. Also we will focus on the affects of regional and international politics on the relations of both neighboring countries specifically in the context of post 9/11 scenario.

As we know that due to the bilateral talks of Pak-Iran officials, visit of Sartaj Aziz, visit of Iranian foreign minister and President Khatmi’s visit of Pakistan in 2002 developed the relations from lowest ebb of 1990s to normalizing and consequently goes towards positive gestures. According to Bonn Accord of Germany both neighbors were agreed to support newly build Karzai’s government in Afghanistan. Hence both countries were on a same stance for peace keeping measures in terms of

supporting new Karzai regime. Here both countries were agreed to struggle for regional peace by taking measures to bring peace in Afghanistan. As it is fact that peaceful Afghanistan will provide opportunities for regional peace.

### 3.3 Pak-Iran Relations And Rise Of Taliban In Afghanistan

Infect both countries were agreed and intending to bring peace, prosperity and stability in Afghanistan after the fall of Soviet Union. But unfortunately another challenge appeared with new regime of “Taliban” in Afghanistan. And Taliban regime became hurdle in between Pak-Iran relations. A different policy stance regarding upcoming regime of Taliban was seen in both sides. Both countries were focusing on their national interest being sovereign nation states of the realist world. Pakistan was favoring and cooperating with Taliban due to Pashton majority elements, further Taliban were strong group of that area of Afghanistan linking with Pakistan.\(^{214}\) But Iran’s case was not the same, as Iran was in favor of Northern alliance having non Pashton elements, promoting and cooperating Professor Rabbani group, and similarly this group was strong in the Afghanistan’s area linking with Iran.\(^{215}\)

Further Iran’s ideological differences with the extremist Taliban was also the reason that Iran support opposite group of Taliban i.e. Northern Alliance.\(^{216}\) Both countries Pakistan and Iran were focusing as well to maintain their border security linked with Afghanistan. Pakistan was intending to secure Durand Line while maintaining relations with Taliban while Iran was maintaining its border security to create relations with Northern alliance. But we cannot deny the clash of interest on Taliban between Pakistan and Iran. Taliban remains major obstacle in Pak-Iran relations but post 9/11 the situation was entirely changed. Due to GWOT the major

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\(^{216}\) Ibid.
hurdle was no more because US led collations were fighting against Taliban in Afghanistan. Hence, GWOT against Taliban provided an opportunity to both nations Pakistan and Iran to normalize their hostile relations.

3.4 Pak-Iran relations under US pressure

Since 1979, with a revolutionary regime Iran completely changed foreign policy about US. During revolutionary movements, Religious scholars who were leading revolution movement against Pahlavi regime, they created hate against US. Religious scholars were considering US as enemy of Islam. Even Imam Khomeini the head of Islamic revolution Iran, he stated that all challenges or difficulties which Muslim world is confronting are created by US. Hence Iran considered US as enemy. Pakistan’s case was not the same, Pakistan foreign policy makers were focusing to build strong relations with Muslim world along with developed world like US and United Kingdom.

In this situation Pakistan was maintaining relations with US along with Iran, while Iran considered US as enemy as mentioned earlier but considering Pakistan a loyal and close friend. Foreign policy makers of both sides were concerned about the US influences on their bilateral relations. Hence US became the reason of difficulty in Pak-Iran relations. As US has influenced Pakistan on many occasions while maintaining foreign relations with Iran. Pakistan was intending to develop its energy resources with the cooperation of Iran, but US increased pressure on Pakistan intend to isolate Iran. Consequently, Pakistan is facing energy crises along with economic instability. Ultimately Pak-Iran relations were developing slowly due to US pressure policy to isolate Iran. Iran-US rivalry on one side creating challenges for Pak-Iran bilateral relations. On the other hand Pakistan is depending on US since long period ago. Consequently US rival Iran and US ally in different occasion the Pakistan are facing major challenges while maintaining their (Pak-Iran) bilateral relations. India and Russia were also supporting Northern Alliance.217

217 Ibid.
Hence Taliban started violence against supporters of Northern Alliance especially against the interests of Iran. Iran being Shia Islamic state was protecting Shia people rights throughout the world. The incident of Mizar e Sharif was one of the major violent acts of Taliban against the interests of Iran. Further killing of Shia community in Afghanistan as well as in Pakistan, were the Taliban tactics to stop Iran while supporting Northern Alliance. Hence Taliban were the major reasons which created gap between both neighbors Pakistan and Iran. The 9/11 incident, both countries condemn the terrorist attacks on world trade center and Pentagon. But different policies both countries adopted regarding GWOT led by US. Iran was off the view that GWOT should be under UN auspices role but not under US role. Hence Iran maintained neutrality while Pakistan supported US led coalition. Contemporary situation of world politics has changed the behavior of US policy makers regarding Iran. Geopolitical and geo strategic dynamics of the region where Iran exist have promoted the status of Iran. Iranian role in the region, especially against ISIS (Daesh) created flexibility in the foreign policy of US. In 2004 and 2005, US was adopting offensive policy against Iranian nuclear program, and even US was intending to destroy the Iran’s nuclear program but currently in 2015 US is negotiating with Iran under P5+1 phenomenon. Many Asian, European and Latin American countries are forming close ties with Iran. Pak-Iran bilateral visits and different agreements are under process. These ties are although progressing but in slow motion. As there are many other mutual challenges which both countries are confronting.

### 3.5 Pak-Iran Relations And Role Of KSA

According to Kamran US play cards are getting as increased as the balls of jugglers increased. Consequently juggler faced difficulties and fall. For the current scenario of Middle East, US want to promote its relations with Iran as compared to

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US policy makers do not consider KSA as solution for Middle East but they consider KSA as a part of problem. But on the other side due to political and administrative change in Iran, US developing its relations with Rohani administration since 2013. So we can say that Iran’s status is going to increase in Middle East. On one side convergence of interest of Iran and US regarding DAESH (ISIS) is developing while on the other side KSA tension is increasing and KSA have strong reservations on Iran-US nuclear deal.

Iran-KSA shia-sunni divergence is still there and defiantly it will remain due to ideological difference. Now Iran clearly consider Daesh (ISIS) its enemy while for KSA Daesh (ISIS) is dangerous. As Daesh is against KSA monarchy. Daesh have their “Salafi” mind set and affiliations with in KSA cities. But ISIS case is not same with Iran. As ISIS having no linkage with in any city of Iran in terms of affiliations. Hence for ISIS is more dangerous for Saudi Arabia as compared to Iran. Iran’s negotiations with US regarding their nuclear program are running smoothly but Iran’s stand regarding their national and ideological interests is still the same. Iran is still against Israel, Iran still on the back of Hezbollah Lebanon which a terrorist organization in front of US. Iranian successful diplomacy achieved two major goals, one regarding nuclear program through negotiations of P5+1 and second achievement that Iran diplomatically standing on the same points of their national interests i.e. hating and supporting to Israel and Hezbollah respectively.

Geo sectarian struggles getting fast between Iran and Saudi Arabia. From Egyptians’ crisis to Yemen special in Yemen crises Iran clearly supporting to Alhothi (Zaidi’s) which are creating challenges for KSA interest. From internal dynamics of KSA pro democratic people are being beaten by KSA government, due to the Salafi’s

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221 Ibid.


224 Ibid.

agenda wahabism, minorities in KSA like Shia under leadership of Nimer etc are internal challenges but externally dangerous are also KSA is facing. Daesh clearly consider KSA government against Islam according to their definition of Islam. Hezbollah and Iran are supporting Alhothi Zaids in Yemen; it is also another challenge for KSA. Here Iran promoting itself in international scenario. Specially, regarding their regional politics and international negotiations regarding their nuclear deal with US and P5+1. Hence Iran is getting strengthen in Middle Eastern region especially.

3.6 Joint Commission on Security: (2001)

Iran and Pakistan have been seen in recent years, making some serious efforts to achieve Security Cooperation. The security issue is characterized by continuously changing dimensions of Regional and International strategies. Pakistan and Iran worked out together on a joint ministerial commission, which was set up in 2001 to increase cooperation on security concerns and agreed to share information with each other in security matters and acknowledged that mutual collaboration in this area is very crucial and the need of attention. This cooperation was to cover not specifically terrorism, but also to launch joint efforts to minimize drug trafficking, terrorism and to address religious sectarian violence issues as well. Rapidly evolving Geo-political and security environment of the region was demanding mutually trustworthy and strong regular interaction between high level government officials and intelligence chiefs of from both sides. Defense cooperation with respect to the sale of small scale arms and ammunitions was also under consideration during these bilateral visits.

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227 H. V. Pant, “Pakistan and Iran's dysfunctional relationship,” Middle East Quarterly (2009), p. 33.
228 Ibid.
3.7 Parvez Musharraf’s visit of Iran: (2008)

Pakistani president Pervez Musharraf met his Iranian counterpart Mahmood Ahmed Nejad in Islamabad. Mehmood Ahmed Nejad visited Pakistan in April 2008 to enhance Pak-Iran relations. It was discussed in briefly enfolded by more than a few other setbacks; IPI has been a most important broad-spectrum proposal. It is reflected on that Iran and Pakistan have to consider all matters on the subject of the IPI pipeline plan and the absolute agreement may be inked as soon as possible. During the meeting, Iranian president Ahmed Nejad affirmed that “Pakistan and Iran are like one soul in two bodies.” In reply to Pakistan’s proposal for being in agreement, China was beneficiary to take delivery of gas as of the IPI from Pakistan. Iran demonstrated an encouraging response, mentioning that in case the project becomes visible, even excluding India out of the partaking, Pakistan can be at a standstill to benefit from the status of a transit country.

Two-sided relations between the two nations fundamentally enhanced amid the most recent couple of years of the Pakistan People's Party driven administration of 2008-13 in Pakistan, a span depicted by methods for exceptional wear and tear of Pakistan's respective ties with the United States following the US combat operation in Pakistan in 2011 so as to kill Osama bin Laden and the NATO attacks on Pakistan army check posts at Salala later in the same year. Before Zardari’s regime, US was more influencive towards President Musharraf but President Zardari being belonging to Shia sect was more close to Iran even “at the cost of US”. Even President Zardari was off the view that Pakistan will not allow US to use her land against Iran.

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230 H. V. Pant, “Pakistan and Iran's dysfunctional relationship,” Middle East Quarterly (2009), p. 16.
Even though greater part of Pakistan’s population comprised of Sunni Muslims, Masses in Pakistan for the most part have a reasonable view of Iran. In view of a survey conducted by Pew’s Global Attitude Project in 2013, 69% of participants from Pakistan gave a positive score as they were asked how they think about Iran.\textsuperscript{234} In the same way, a survey carried out by the Pakistan Institute for Peace Studies in 2013 concluded with the intention of that Pakistan's religious and political gatherings have generous union of disposition on the approach rule that Pakistan's respective relations with Iran must be discover by each other's national intrigue and not by the read outs of the United States or some other nation. For the most part these gatherings acknowledge as obvious that approaching relations with Iran can be of assistance in the progress of Pakistan’s economy, security and to increase sectarian harmony in the whole South Asian region.\textsuperscript{235}

Pakistan Iran mutual tread agreements like “preferential trade agreement” on March 4\textsuperscript{th}, 2004, which happened to be materialized on September 1\textsuperscript{st}, 2006, the size of trade connecting the two countries in succeeding years hanged down on a much lower level than its potential source. Both countries were interested and intending to turn PTA into FTA (Free Trade Agreement) so that to increase the trade volume between Pakistan and Iran. As per the statistics revealed by the International Monetary Fund, Pakistan is Iran’s 11\textsuperscript{th} major trading collaborator.\textsuperscript{236} On the other hand, the two states have a lot higher trade volumes all the way through smuggling and via third country business deals. Due to the various endorsements of international community on Iran, unlawful trade, and tiresome and meandering modes of trade transactions, frequently finished through the United Arab Emirates.\textsuperscript{237}

\textsuperscript{236} S. Akhter, “Economic sanctions main reason of Pakistan’s low trade with Iran,” The News, February 24th 2013.
banking connection channels between both countries are the key rationales for the very less amount of bilateral trade activities between Iran and Pakistan.\textsuperscript{238}

### 3.8 Different Major challenges in Pak-Iran relations

There are many other issues in between Pakistan and Iran which needs to be focused systematically. Some issues are basically mutual others are due to role of foreign factors. Unfortunately these issues are affecting domestic and regional stability. Sensitivity of the region can be understood that both countries have border commonality with Afghanistan. Issues, such as Smuggling of weapons, transfer of drugs, human trafficking, and illegal trade of oil across Pak-Iran border. Consequently economic instability in both sides increasing, terrorism in both sides of the countries especially in Pakistan is increasing day by day which is destabilizing the region as well. Increase in drugs and human trafficking are also causing instability of the region. Common border with Afghanistan and such issues needs more care to solve out the issues for the sake of domestic and regional development.

### 3.9 Human Trafficking

Human trafficking is one of the major issues which are affecting Pak-Iran ties. Agents Mafia used the Baluchistan area as their rout for their illegal activities in terms of human trafficking towards Iran. As Z.A Khan stated that in 2011, Iranian officials sent more than 8,732 unlawful workers to Pakistani authorities at the Taftan border.\textsuperscript{239} “Taftan” is a township near Pakistan Iran border. There can be seen many illegal activities including human trafficking in Taftan area. And theses illegal activities especially human trafficking in Taftan area are creating hurdles in the way of Pak-Iran

\textsuperscript{238} IRNA, “Lack Of Banking Channel Major Hurdle For Iran-Pakistan Trade,” \textit{IRNA} 03 Nov, 2017.

relations. These workers work there in Iran illegally. Further there are a lot of human trafficking activities were seen on Pak-Iran border areas. Many agents sent these people to Iran illegally so that they can reach to Europe via Turkey. High profile individuals are included in this illegal lucrative business. With a specific end goal to stop the unlawful workers and agents, Iran is building an immense wall on Pak-Iran border. Iranian government was motivated to stop these illegal activities through border fencing. They were of the view that to create wall on Pak-Iran border can stop human trafficking and other illegal activities. It is one of the world's most vigorously strengthened outskirts extends amongst Iran and Pakistan. Iran was intending to secure its border with help of wall, as they understand the sensitivity of Pak-Iran border.

3.10 Iran motivated for border fencing

Iran decided to create a wall on Pakistan Iran border. Iranian motives behind establishing border fence were to overcome the challenges which were appearing from Pak-Iran border areas. The Pak-Iran barrier wall is a three foot wide, ten-foot high, solid wall stretching out crosswise over 700 kilometers of denying desert landscape in Baluchistan region. The wall would begin from Taftan territory to Mand in the Baluchistan greater part of Sistan region, which fringes Pakistan's Baluchistan region. Iran was motivated for border fencing and to create check posts to control smuggling, human trafficking and to control the other issues especially security issues appearing from border side. Iranian government authorities also sent extra units of her army to secure their border linkages with Pakistan and Afghanistan. It is most important to control the Bloch rebels. Most Bloch rebellions are active near Pakistan-Iran border and affecting the interests of both countries. There is need to work mutually against rebellions to secure bilateral relations. The main part of the Bloch, Sunni Muslim individuals, lives in Pakistan, however more

\[240\] Ibid.


\[242\] Ibid.

than a million and a half live in south eastern Iran. There are also seen drugs smuggling in Pakistan Iran border areas. Pakistan, coincidentally, is worried about smuggling from Iran, yet of another kind: alcohol. On April 26, 2011, Pakistani administrators seized 2,586 holders of liquor in "the Kumbarea of Baluchistan close to the Pak-Iran Border". The Pakistani Foreign Ministry has said that Iran has the benefit to erect edge fencing in its area. Nonetheless, protection from the improvement of the divider was raised in the Provincial Assembly of Baluchistan. It kept up that the divider would make issues for the Baloch individuals whose landscape straddles the periphery district. The Baluch individuals will be divided politically and socially, with their trade and social activities being genuinely thwarted.

One of the main stream politicians of Baluchistan criticized the border fencing initiation by Iran as a barefaced undertaking to separate the Baloch motherland on either side of Pak-Iran outset. The legislatures of the two nations had not taken the Baloch into their certainty on this matter. As the Baluch people whom cross and visits both sides of Pakistan Iran border to look after their relatives, to attend the religious ceremonies etc will be affected due to the border fencing by Iran. Iranian outset security authorities gave a final order to the inhabitants of a Pakistani border town to desert the town inside ten days. Inhabitants of the Sorap territory in the Mand zone of western Mekran region in Baluchistan territory rely upon tasteful items unlawfully starting from Iran for their business.

3.11 Iran crosses border attacks on Pakistan

245 Ibid.
246 Ibid.
249 Ibid.
The area where Pakistan and Iran are existing extremely fragile locale; there can be seen extreme type of difficulties. Sensitivity of the region is increasing day by day. This affectability expanded when Iran have been let go numerous rockets on various towns of Pakistani side close to Pak-Iran outskirt.\textsuperscript{251} These assaults were made by Iran in 2013 and 2014 and mortars were utilized.\textsuperscript{252} Indeed, even infringement of Pakistani airspace was happened when Iranian helicopters crossed Pakistan outskirt. Around five individuals were slaughtered and fourteen were harmed in these assaults by Iran in various areas of Pakistan closer to Iran outskirt. Pakistani government formally affirmed these cross outskirt assaults by Iran.\textsuperscript{253}

Dr Abdul Malik Bloch CM of Baluchistan Province of Pakistan raised his reservations against Iran before its central government to PM Nawaz Sharif to pay heed to these assaults.\textsuperscript{254} Pakistan media likewise did not highlight these assaults as they were formally ceased to do as such as a result of the sensitivity of Pak-Iran bilateral relations.\textsuperscript{255} Pakistan is confronting two side challenges, one side cross fringe assaults from Iran and other side from inside its own territory Baluchistan the separatists which are pointing the finger at Pakistan government that Pakistani government is supporting Iran for these assaults against Bloch separatist nexus.\textsuperscript{256} Hence for Pakistan is facing two folded difficulties from Iran and from inside

\textsuperscript{252} Nelson Dean, “Iran shells Pakistan border town in retaliation for militant strikes,” \textit{The Telegraph}, October 24th 2014.


\textsuperscript{255} Ibid.

\textsuperscript{256} \textit{Azadi (Urdu daily)}. December 12\textsuperscript{th}, 2013.
Pakistan. Iranian government defended these assaults that their assaults are against cross fringe human trafficking, drugs sneaking, and unlawful exchange activists.257

3.12 US Factor and foreign policy of Pakistan

Political and strategic compulsions of Pakistan and Iran are different regarding their foreign policies. Religious and spiritual affiliations plays important role in foreign relations but “National Interest” each country focuses more while articulating their foreign relations plane. After 9/11, in front of Bush administrations the status of Pakistan and Iran was not same. Earlier was non NATO ally in US led on so called GWOT while later was “an axis of evil.”258 Pakistan depends on US while Iran mentioned US at top of its enemies list.259 It is fact that Pak-Iran have strong historically, religiously, politically, economic and social relations. Both countries adopted one stand on different international and regional issues but still there are many differences between both neighbors. And these differences are challenges in the way of Pak-Iran bilateral ties.

3.13 Iran foreign policy in glance

Post revolutionary Iran is much more different then that the time of Shah’s regime. Post revolution, theocratic Iran was having no more good relations with Western countries and US.260 Strong position in Persian Gulf, Iranian nuclear program protection of Shia rights in the world are the basis of Iran to present their strong stands in front of the world in the context of their foreign policy. Iran’s foreign policy

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257 Shahzad Baloch, “Protesters In Balochistan Demonstrate Against Border Violation By Iran,” Express Tribune, November 18th, 2013.


259 Ibid.

under “the system of jurists” the supreme leader Ali Khamnai is ideological. For promotion of the religion and nationalism, foreign policy of Iran has support of the masses. The offensive statements of Ahmd Nejad’s against US and Israel were highly acknowledged by the masses. Also the planning of Iranian diplomats to protect country from the “isolations” created by US with the help of so called sanctions. Iran has developed this planning further in front of world as they survived in such environment with many channels of sanctions been imposed on Iran. Negotiations about nuclear deal with P5+1 phenomenon are also considered as the successful foreign policy of Iran.

3.14 Pakistan foreign policy in glance

According to Amin that think tanks of Pakistan adopted “adhocism” as base regarding making their foreign policy. As a nuclear power and long enmity with India Pakistan’s major focus are on their defense. Affects of regional politics especially about the challenges from Durand line after 9/11, Pakistan needs and want to secure its borders in context of their security measures. For economics and especially for security measures Pakistan emphasizing on US since 9/11. Pakistan being non NATO ally need protection from Taliban surly ideology is one of the major determinants of its foreign policy but influence of US in the region especially after 9/11 not only affected but also influenced the perceptions of foreign policy makers of Pakistan.


3.15 Iran-US rivalry

After revolution, the past tenure in which “shah was Iran and Iran was shah.” Due to US affections with “shah royal family” and strong relations of Iran-US should be forgotten now since 1979. As everyone knows that entirely system of Iran has changed. Infect “the system of jurists” is not based on ancestry or ethnicity. And the authority of Jurist Ayatollah Khamnai is stronger than any other ruler. Before 1979, US influenced Iran in different dimensions but after 1979 to till although Iran-US nuclear deal is under process the case is not like earlier time of 1979. After revolution Iranian policy makers have changed the perceptions of US policy makers.

US is one of the major factors which create divergence in Pak-Iran relations. Bush administration 2002 presented their hated statement against Iran as “Iran is axis of evils”. But unfortunately Bush administration failed to understand Iran status after 1979. Earlier 1979 Iran was US allay but now after Iranian Islamic revolution Iran consider US as one of its top enemies. Furthermore according to ground realities the country (Iran) that was going to support Karzai government which was altering the Taliban and Iran clearly stated Taliban as their enemy, then what does mean by “Iran is an axis of evils”. Infect there was convergence of interest about Taliban in the perceptions of policy makers of Iran, Pakistan and US against Taliban.

As we know that all three mentioned countries were against Taliban. Pak and US were fighting war against Taliban and Iran was not only supporting Karzai new government but also was against the Taliban since their government to an end. As for as, the Taliban case is concerned the statement by Bush Administration was looking like a rough statement. As I mentioned, earlier that one side US secretary of state was

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apologizing about US coup against Iran in 1953. Now US administration would try to justify their statement of 2002. And they created such an environment to propagate against “Iran’s nuclear program” in 2003, 2004. Although the issue of the world was GWOT and Taliban at that time. So the tactics to justify the statements and to threaten Iran for future US administration started propagation against Iranian nuclear program. Currently US initiations for negotiations on Iran nuclear deal the P5+1 phenomenon. Here it is not understandable the American stance of “Propaganda” on one side and “Deal” on the second side.

Iran is purely security concern for US after 1979 while Pakistan is old ally of US.\textsuperscript{270} US easily get support from Pakistan on different regional geo strategic issues. Hence Pakistan is political ally of US since long period ago.\textsuperscript{271} In the same scenario of 9/11 and US initiated GWOT, Pakistan was supporting openly to US And she get the status of “Non NATO ally”. Coercion style of diplomacy can be applied on Pakistan but the same case is not with Iran after Islamic revolution.\textsuperscript{272} Nature of Pakistan’s relations with US is “depending”. Pakistan is depending on US. No one can deny the poverty and vulnerable economic crisis, trade, commerce and business conditions of Pakistan. On the name of poverty elevation US is supporting to Pakistan. But the nature of US’s relations with Pakistan is like a “blackmailing”. After supporting in terms of economic development and other sectors US demanded Pakistan to “do more”. In reward US provide aids like “Kerry Luger Bill”\textsuperscript{273} to Pakistan. US influenced Pakistan even in her relations with her neighboring countries especially with Iran. Especially, when Iran considered US as her enemy. Ultimately Pak-Iran relations are highly influenced by US who is dangerous for the region as well.


Iran has proved, a strong regional power post 1979, especially in the context of its stand regarding Palestine against Israel. While Israel have strong affiliations with US since 1948. So the Iran-US rivalry appeared due to clash of interest regarding Israel. Iran-US rivalry further increased during Ahmdi Nejad regime due his hard statements against West and Israel. US considered Israel as loyal friend and strong ally but Iran considered it illegitimate state, even Iranian ex president stated in UN General Assembly’s session “wiping Israel off the map”.274

3.16 Politics Of Energy: Pak-Iran Relations And Role of India

Natural resources play important role for the development of any country. On the basis of natural resources any country can influence the geo politics of the region as well as the globe; the countries whom having more natural resources can affect the world politics. On the basis of natural resources countries affect and influence other countries for their interests. In terms of energy resources Pakistan is facing serious type of problem. In our region, Pakistan is facing worst crises of energy.275 Already available sources of energy in Pakistan are destroying due to mismanagement. Hence issue of unbalance of demand and supply appeared. The use of gas in automobile and electricity create unbalance between the demand and supply. Further the projects like “Kala Bagh Dam” to generate energy resources have been internally politicized with in Pakistan.276 Consensus on “Kala Bagh Dam” is not being developed by political parties of Pakistan.277 So in this situation energy crises of Pakistan have become unsolvable question internally. Infect there is need to develop consensus of all

277 Ibid.
political parties of Pakistan. Energy crises in Pakistan are an important issue which can be focused to get rid off from these crises and to develop economy of Pakistan.

    Hence it was compulsory for Pakistan to import energy resources from other countries. So, there were four options for Pakistan to generate or import energy resources including “Kala Bagh Dam” and other projects with in Pakistan. Pakistan has an important option to import gas from Turkmenistan. An important project named TAPI to import gas from Turkmenistan to Pakistan via Afghanistan is one of the important options for Pakistan. Also, another important option for import of gas from Qatar to Pakistan via Oman. Above said two options for import of gas will be discussed systematically in fifth chapter.

3.17  Gas pipeline from directly Iran to Pakistan via eastern border

    It is difficult to import gas from TAPI, due to worst security conditions of Afghanistan when Taliban terrorists are still working there. To import gas from Qatar is much costly and there are also some technical flaws as well and the rout via Oman is also so lengthy. As Asif described IPI is better and appropriate option other than any, because it is feasible technically and also it is not much costly. Pakistan has already chosen this options and bilateral talks were started in 1994 regarding this project known as IPI. Later Pakistan and Iran signed agreement regarding IP gas pipeline project to develop mutual economic relations. Iran has spread Pipeline of her side till Pakistan border which was her task. But Pakistan has not completed task

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281 Ibid.
of her side. As, Pakistan has financial needs regarding this project to complete her task. Hence for IP project is not looking to be functional soon contrary to people expectations. Also there is US pressure on Pakistan to not carry on the IP project. And due to US pressure IPI seems like a dream in Pakistan side. An already vulnerable economic condition of Pakistan and further Pakistan is trapped in its own created gal.

Delay in decision, wrong planning, mismanagement from Pakistan side, also making IPI as dream.\textsuperscript{282} Indian Prime Minister Singh clearly stated that IPI is important for India to get gas resources, but India’s withdrawal from IPI is not only because of US pressure\textsuperscript{283} but also due to its rivalry with Pakistan.\textsuperscript{284} The benefits of IPI were fulfillment of energy resources, strengthen economics of all three stakeholder’s peace and prosperity in the region and it would play role in CBM confidence building measures in the region especially for Pak-India elations.\textsuperscript{285}

US created pressure over India and Pakistan because these are the old like tactics of US to isolate one country politically and economically with the help of other country or countries. Hence US started isolation of Iran through increasing pressure over Pakistan and India to remain away from IPI project. Furthermore US imposed sanction\textsuperscript{286} on Iran with the back of UN\textsuperscript{287} to make Iran weak in terms of economic development. US were to pressurizing Pakistan and India to stand away from IPI so that Iran would become economically weak. Initially IPI meaning were Iran, Pakistan

and India gas pipeline project, later it became just IP due to withdrawal of India, and now due to lack of Pakistan resources and US pressure over Pakistan to manage alternate sources for energy it’s looking like just “I”. As, already argued that Iran has completed her task of spreading pipeline till Pakistan border. Hence it seems just “I” gas pipeline project. But still there is hope that US pressure over Pakistan and India will be ended regarding gas pipeline project, because Iran-US negotiations are progressing under P5+1 phenomena.

In current scenario due to Iran-US nuclear deal, IPI is seems to be possible in near future as sanctions are lifted from Iran. Although Pakistan is under pressure of US according to ground realities, but Pakistan is not willing to adopt TAPI while US insisting Pakistan to adopt TAPI. Further TAPI is difficult option to be adopted for Pakistan due to concerns of Russia and internal security of Afghanistan. In response Iran consisting to complete IPI project even India has withdrawal from the project since 2008. Iran is also taking cooperation from China as alternative of India.\(^\text{288}\) Iranian foreign minister Monocher Mottaqi stated that Iran is intending to finalized the IPI project even without India; he further stated that China is also taking interest in the said project. Hence Iran is completely enthusiastic to finalize the project which is fruitful not only for the economic development of Pakistan and Iran but also for the regional economic development.

Hence India although withdrawal from the project due to US pressure and her rivalry with Pakistan but still reconsidering the same project for her own interests. Chine’s inclusion will be helpful for the development of the regional politics and economic as well. Hence when US influencing and disturbing the said project for their interest, her rival Russia has appeared and offering to Pakistan government to provide finance regarding this project.\(^\text{289}\) Currently what will happen with IPI project near future, I can argue that Pakistan reacted to US regarding drown attacks in its territory. So the IPI will be decided on the Pak-US relations whether stable of instable. If these relations would be stable the US influenced IPI if not than due to inclusion of Russia


and China’s support US will not be able to influence IPI. Similarly, IPI project also depends upon the Iran-US relations as well. Expected Iranian nuclear deal under P5+1 auspices, lifting economic sanctions from Iran can make IPI project possible. Consequently Pakistan and India will have no US pressure regarding the IPI project. So it will be executed and as a result it can boost up the economic development of the regions.

3.18 Good relations of US, IRAN AND PAKISTAN

Flexible strategy about foreign relations with Iran, past is evident that US secretary of state openly said in front of media that US is regretting on the past incident of US involvement is coup of Iran in 1953. It was a positive gesture presented by US and Iran also appreciated this bold gesture of US.\textsuperscript{290} Iranian president Khatmi demanded negotiations and dialogue among civilizations.\textsuperscript{291} In this situation Bonn accord also played helping role for both Pakistan and Iran relations. As, both neighbors were agreed to support Karzai government.\textsuperscript{292} Ultimately the relations of all three countries US, Iran and Pakistan get developed for a limited time.

3.19 Divergence of Pak-Iran interests: Chahbahar and Gawadar port

India is providing assistance to Iran for development of Chahbahar port, as India is intending to affect Pakistan’s Gawadar port which is developing with the assistance of China. India is basically showing her enmity against Pakistan by opposing to Gawadar port which is a greater economic project of Pakistan-China coordination. It will be further explained in fourth chapter about Chahbahar-Gawadar competition.

3.20 Role of Baluchistan in Pak-Iran relations

Pakistan and Iran are neighboring countries. Baluchistan is the main western province of Pakistan which linked directly through border to Iran. Because of its

\textsuperscript{290} CNN, “U.S. Comes Clean About The Coup In Iran” CNN, April 19th, 2000.
\textsuperscript{292} H. V. Pant, “Pakistan and Iran's dysfunctional relationship,” \textit{Middle East Quarterly} (2009), p. 11.
geographical location the Province of Baluchistan involves an extraordinary spot in the cordial relations and shared coordinated effort amongst Pakistan and Iran. Baluchistan region have significant and recommended positions while maintenance of Pak-Iran bilateral relations. Particularly, with regards to political and financial associations Baluchistan have much more territorial significance in Pak-Iran ties. Yet, in spite of its fundamental noteworthiness in Pak-Iran relations, there are likewise sure debilitating and disillusioning elements which are similarly in charge of making misconception, questions, unreliability and pressure in the well disposed reciprocal relations between these two nations. I will also address these variables which make this region a destabilizing element in Pak-Iran relations. Hence I will focus on the major convergence and divergence of interests from both nations.

3.21 Pak-Iran border situating in Baluchistan (Pakistan) and Sistan-Baluchistan (Iran) region

Length of Pak-Iran border is Around 909 km Pak-Iran.293 Pak-Iran border line is known as Goldsmith line.294 This line differentiated keeps running from “Koh e MalikSaih, the tri-intersection of Pakistan, Iran, and Afghanistan”295 to the Arabian Sea. Additionally, a typical wilderness locale is occupied by Bloch tribes which is ethnically, socially and generally is indistinguishable. The place where there is Baluchistan is contiguity joined with financial contacts and racial and ethnic affinities between the all inclusive communities of the two regions. It has positive and critical consequences on Pak-Iran relations. Baluchistan is greatest territory out of four territories of Pakistan as far as zone. Baluchistan which has close-by topographical region with Iran. This domain is one of the primary components in charge of general relationship among Pakistan and Iran. For individuals of the two sides Baluchistan-


Sistan zone is utilized for setting out to go each opposite side. The land zone of Baluchistan makes it the most engaging region for head out course to Iran.

The Pak-Iran border is in charge of the general cooperation between the Bloch people living in Pakistani Baluchistan and Seistan-Baluchistan Iranian side. Furthermore associations between Hazaras ethnic group living in Quetta the capital city of Baluchistan province and Qum the holy city of Iran. Also Hazaras have strong affiliations with their ethnic community living in other urban areas of Iran. The Bloch people of Pakistani Baluchistan and Seistan-Baluchistan of Iran have a comparable traditions and custom. Also the vital trans-national gas pipeline project is proposed to spread through Baluchistan-Sistan region. In the same area the development of seaport, oil refinery projects in Gwadar also further build the noteworthiness of Baluchistan as a vital territorial position. No doubt Baluchistan region has vital significance in terms of Pak-Iran relations especially in terms of economic development.

In the context of economic relations there are financial connections between the general population of the two regions i.e. Pakistan's Baluchistan and Seistan the Bloch region of Iran. It will be concentrated on Bloch borderland cooperation over Pak-Iran border area. Some efforts are made by Iran to further develop these regional ties in terms of social and cultural enhancement. An endeavor is made to highlight the part of Iranian Culture Center set up in Quetta for the advancement and upgrade of social relations. Particularly, the trading efforts, visits of researchers, and academic people understudies of the two Provinces for motivation behind scholarly exercises. Also Pak-Iran Joint Ventures and a typical border market will be discussed in the Province of Baluchistan for the advancement of exchange and business relations between the two nations.

There are not just opportunities for both sides in Baluchistan-Sistan region. Unfortunately there are also some difficulties which both sides are facing while maintaining their relations. Some difficulties will be focused which are basically making Baluchistan as a destabilizing element in Pak-Iran relations. The illicit exchange and carrying drug trafficking, smuggling is one of the serious issues.

Other issues terrorism like Jadullah association, sectarian crises and the merciless death of Hazaras in Quetta and also killing of pilgrims on Quetta to Taftan road.\textsuperscript{297} There is another issue which is increasing currently and even this issue has become one of the major economic hurdles in between both nations. That is developing rivalry between the Gwader and Chabahar ports.\textsuperscript{298} Hence there are opportunities as well as challenges which both countries are facing. As a result variations are seen in Pak-Iran relations.

3.22 **Baluchistan a doorway in between Pak-Iran**

In the statements of S.M. Burke, Pakistan's withstanding love for Iran in like manner originates from how Iran is the mother of Pakistani society and Persian is the mother of our national dialect Urdu.\textsuperscript{299} Hence, norms, values, customs are almost same especially in the border areas of Pakistan and Iran. Additionally, border areas of Pakistan and Iran are occupied by Bloch tribes, which is ethnically, socially and customarily are indistinguishable.\textsuperscript{300} People from both sides have ethnic commonality. They are near to each other socially and in terms of customs and values.

3.23 **Baluchistan-Sistan**

Baluchistan-Sistan area of Iran is also known as Iranian Baluchistan. So, the people of Iranian Baluchistan and the large province of Pakistan Baluchistan have common traditions. According to Z.A Khan it has a comparative traditions and

\begin{itemize}
\item \textsuperscript{298} Ziad Haider, “Baluchis, Beijing, and Pakistan's Gwadar Port,” *Georgetown Journal of International Affairs* (2005), pp. 95-103.
\item \textsuperscript{299} S. M. Burke, & L. Ziring, *Pakistan's Foreign Policy: An Historical Analysis.* (New York: Oxford University Press, 1990), p. 89.
\end{itemize}
custom e.g. “Beggari, Divan ,Hashar , Karchva-kapon , Sepat , Bagi Mayar7 , and Mangir”.\textsuperscript{301}

The real reason for collaboration between the two groups from both sides is the social and economic matters. They come on each other sides to carry on their social relations. As relatives of Baluch tribes are living in the both sides of Pak-Iran border. Further they also do border trading. Hence for they often times cross border and visit each other to develop their trading and exchange activities. The presence of the limit regularly diminishes the contacts between the general populations living on either side.

The border area between the Pakistan and Iran is not delicate but rather it is not exceptionally confined contrasted with the Iranian border connecting Turkey, Iraq and even Afghanistan. Notwithstanding, the foundation of check posts presents tends on limit and examined the bonafide of arriving and leaving travelers. There are normal and unpredictable section focuses, the significant one close Taftan and Panjgur.\textsuperscript{302} There are various towns where the houses infiltrate both sides of the border. For instance, the towns of Ridee and Balu in Turbat. There are five outskirt locale transcendently occupied by Bloch and Barhvi populace.\textsuperscript{303} They are Panjgur, Chagai, Wasuk, Turbat and Gwader. Already, Kharan was a basic and greatest region in the domain smart, which outlined Iran.\textsuperscript{304} In any case, after the arrangement of three new locale in Baluchistan, there has been fringe boundary. The general population from the both sides of the limit line often times cross the fringe for different purposes which incorporate the accompanying. They crossed the border to see and visit their relatives. For the sake of tourism and to visit their friends and relatives they often times cross the border. They cross the border to enhance their cultural relations. Also to develop their economic ties while enhancing trading and business activities also they often cross the border. Crossing of border from both sides shows the social interaction between the people of Pakistani Baluchistan and Iranian Baluchistan-Sistan region.

\textsuperscript{302} Ibid.
\textsuperscript{303} Ibid.
\textsuperscript{304} Ibid.
The social visits incorporate touring, meeting with companions, and spending excursions there. These visits are normal among the relatives. Companions of the relatives, frequently go along with together. Social visits are across the board in border towns. In conventional life impacting business, and social relations when the overall public of Iranian Baluchistan and Pakistani Baluchistan cross the fringe for one reason, or the other, that does not have the slant that they are entering the remote zone. Social visits are masterminded exceptionally purposes in particular internment services, investment in relational unions and participation in celebrations and blowouts and so on. Here the similitude of traditions, customs and ceremonies laid huge part in making a feeling of solidarity among the general population of both sides. People from both sides like these traditions which promote their solidarity.

These connections realize full effect on the general population living over the border areas in the season of any social occasion. Cheerful and warm welcome is reciprocal from both sides of populations and reciprocally return visits is either paid or guaranteed. The celebrations of Eid-ul-Fiter, Eid-ul-Duha and Eid-ul-Malad give events to close relatives to spend some days together. Hence they also enjoy their Eid days by visiting each other. Visits of different people from both sides to take an interest in yearly Urs (commemoration) of Sufis in Sistan-Baluchistan are also one of the wellsprings of collaboration between the two groups. There are numerous hallowed places; however the three holly places are more vital whom Bloch pay respect. They are Pir Shorah in Seistiyari, Shazeni Pir and Rakal Shah at Chowkat. They participate in annual Urs of these personalities. The Bloch living over the fringes have overabundance to Rahdari. The fundamental capability of the interest or Rahdari is that the individual is neighborhood of the locale contiguous the fringe and has either relatives or business over the outskirts. Be that as it may, occupants get easily travel permits, and gets visa with no trouble. As it were, the Pakistani Baluch people with travel permit can get visa with no trouble from the Iranian department in Quetta and, comparatively, the Iranian Baluch people also gets same from Pakistan office in Zhaidan.

Relational unions are regular among the Bloch. The framework between relational unions has been for quite a long time in between both sides of Baluch

305 Ibid.
306 Ibid.
people. The framework is strengthening by major two driving components. Initially, the family bond which can be served and fortified by discovering match over the outskirts. It is more normal on account of mastermind marriage with a nearby relatives living on both sides. Furthermore, encourage chances of connection by making a new relationship, a gathering from either side through outsider may concoct proposition of marriage.

There are more instances of understudies from Seistan-Baluchistan in the schools and universities of Pakistani Baluchistan. The understudy's proportion is in any case little, it ought to have been bigger. Understudies considering over the outskirt are exempted from limitations. Additionally, the Iranian Cultural Center in Quetta has assumed the liability for advancing and reinforcing the social relations between the territories of the two nations by setting up gatherings, courses and workshops. Hence for interaction of people is enhancing with the help of Iranian Culture Center in Quetta. The Centers additionally hold social and instructive get together with the crosswise over segments of the general population of all kinds of different backgrounds, especially with researchers, educated people, and understudies.

Bedside this, the Center run courses in Pakistani tongue and calligraphy in which a considerable number of understudies takes intrigue. Besides, it offers workplaces to specialists in their higher examinations. These productive and dynamic activities not simply done by no other country in such dealt with and solid conduct, have made a ton of altruism for the overall public and the administrations of countries Pakistan and Iran. This is an exceptional accomplishment, which, really, even the political pioneers, and representatives of the two nations couldn't fulfill. Looking at the comparable sorts of social or cultural efforts, focuses on Pakistan Shireen Mazari mentioned, that these type of centers are not to be set up in Iran, the effect would have been clearly multiplied on the general population of the two nations.

3.24 Baluchistan opportunity or challenge for Pak-Iran neighbors

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Unique location of Baluchistan developed its geostrategic importance not only for Pakistan and Iran but also for the whole region. In the northwest it has border of around “625 mile with Afghanistan”309, in the west 475 miles with Iran310 and 562 miles with the Persian Gulf Makran coastline.311 Borders attachment of Baluchistan with three important sides increased its importance especially in terms of economic development. “Baluchistan is Gateway to South Asia, Middle East and Central Asia”.312

Baluchistan region is especially significant important for Pakistan and Iran. Both countries recognized the importance of this region for the development of their bilateral relations. Important region which was basically a gateway for the whole region in terms of political, economic and strategic development unfortunately has become a challenge and hurdle in the way of Pak-Iran relations.313 Unfortunately Security situation of Baluchistan is one of the major challenges for both neighbors. IPI project is important for both countries especially for Pakistan in terms of political and economic growth.314 On one side US was involving in the region to achieve its goals. One of the major goals of US to get involved in Baluchistan region was to isolate Iran.315 Hence, the security situation of the Baluchistan region became worst,

310 Ibid.
In result IP project was delayed. Involvement of foreign factors in the region is old, they are manipulating in Baluchistan for their interest, and consequently Pakistan and Iran are facing many challenges in that region where there were many opportunities of development. Baluchistan has become a proxy battles field as US, Al-Qaida, KSA and Iran itself are involved in the region.\textsuperscript{316}

Iran and KSA are providing funds to their favorite communities and ethnic groups to achieve their goals from Baluchistan.\textsuperscript{317} The role of foreign factors is directly affecting the already disturbed political and economic situation of Pakistan. There are some evidences that the foreign intelligence agencies playing their role in Baluchistan to create hurdles in the way of IP project and Gawardar port. British, US and Indian agencies are intending to do so. Especially intelligence agencies of US and British are becoming hurdle in the said projects to not be practical as both projects are jeopardizing the interests of US in the region.\textsuperscript{318} US is involved to create ethnic crises in the region to affect Iran since 1990s and to get her interests at the same time.\textsuperscript{319} But since 9/11 US increased its funding to the Bloch rebels against Iran. USA is as such involved in the region, that how they facilitated the Baluch rebels, they can utilized these rebels against any state of the region.\textsuperscript{320} Objective of US involvement is not only to destabilize Iran but also it has one of the major objectives to surround China


\textsuperscript{317} Vivekananda Nemana, and Ishaq Nadiri, “Pakistan: From In Danger to Development,” (2011), p. 34.


\textsuperscript{319} Ibid.

as well. Basically US is focusing to subvert Iran and to surround China.\textsuperscript{321} As China is assisting Pakistan for Gawader port which is jeopardizing US interests. Iranian officials have already expressed their reservations against the influence role of US in Baluchistan. As they considered that US is intending to use Gawader port as base to watch activities in Iran.\textsuperscript{322} These issues were already a major challenges, further sectarianism and target killing appeared especially after 9/11. Jundullah was the organization which felt opportunity for their illegal activities backing by foreign aid. Jundullah became a major challenge for Pak-Iran relations in 2000s.

Presence of Al-Qaida network in the region was creating security threat for Pakistan. Hence, President Musharraf initiated steps to break the network of Al-Qaida in the region. President Musharraf allowed CIA to break the Al-Qaida network.\textsuperscript{323} So the presence of CIA in the region on the name of so called operation against Al-Qaida, promoted Iranian reservations. Iran considered US as top of its enemies. Existence of CIA in the region was promoting violence in Baluchistan so that to threaten Iran and to stop Iran’s nuclear program.\textsuperscript{324} US were intending to isolate Iran while promoting violence in Baluchistan region. Consequently Pak-Iran relations were affected due to the role of CIA. Further US propagated that Iran was involved to create worst situation in Baluchistan. Objectives behind US tactics were to legitimize attack on Iran and also to stop Pakistan for affiliation with Iran.\textsuperscript{325}

India was also involved in Baluchistan insurgency for its objectives against Pakistan. Indo-Pak rivalry is not new; India was not in favor of Pakistan to develop its economic or political situation. Hence, India gets involved to disturb Pakistan to get


\textsuperscript{325} Ibid.
the benefits from important region Baluchistan. Insurgency in Baluchistan was not in favor of Iran. Because, secured and peaceful Baluchistan was in favor of Iran for political and economic development. On the other hand if there is involvement of Iran in the Baluchistan region then this involvement should be viewed in another prospective. Many intelligence agencies are involved in the region for their interests as mentioned earlier. Hence, Iran is involved in the region for their interests against US. Iran is struggling in Baluchistan to protect herself from role of US. As, Khokhar stated, that Iran is supporting some Pakistani groups in Baluchistan to counter US and Israel activities. Iran is working against Jundullah in Baluchistan while on the other hand Israel and US are backing Jundullah to disturb.

3.25 Iran’s view regarding Kashmir issue

Iran is supporting to Muslim world for the protection of their rights. Iran many times appealed to Muslim world to give support for the freedom of Palestine. And Iranians basic contradiction with the Israel is Palestine. Hence for Iran has not recognized Israel as sovereign state. Pakistan has also not recognized Israel yet. But Iran is stepping ahead she appealing the Muslim ummah for unity and prosperity of the Muslims in whole world. Even “Youm ul Quds” agitations and rallies are conducted on the call of Late Supreme Leader of Iran Imam Khomeini on last Friday of Holy Month Ramadan every year. Similarly Iran appealed the Muslim world to support Kashmiri people for their freedom from India.

In this way, contemporary supreme leader of Iran Ayatollah Ali Khamenei appealed on 19 November 2010 to Muslim world to support the Kashmir freedom

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326 Ibid.
329 R. B. Wright, ed. The Iran primer: power, politics, and US policy (US Institute of Peace Press, 2010), p. 44.
from India. He stated, Today the real obligation of the tip top of the Islamic Ummah is to give assistance to the Palestinian country and the attacked individuals of Gaza, to identify and give help to the countries of Afghanistan, Pakistan, Iraq and Occupied Kashmir, to take part in battle and protection against the hostilities of the United States, the Zionist Regime and her partners, for example, the Republic of India, on account of the general population of Kashmir against animosity by the Indian possessing military. He further said that Muslims should be united and “spread awakening and a sense of responsibility and commitment among Muslim youth throughout Islamic communities”. This statement of Iranian supreme leader was acknowledged by the Muslims living worldwide including Pakistan. And in Pakistan it was especially acknowledged in the context of Kashmir issue with India, and it shows cordial friendship of both countries from past to now.

3.26 **Terrorism & Sectarianism a Major hurdle in Pak-Iran relations**

Terrorism has likewise made crevice between the both neighbors. After 9/11 one of the real obstacles between the relations of Pakistan and Iran was Terrorism. Particularly the compelling terrorist part of Jundullah (a terrorist association) made numerous obstacles in cordial relations of Pakistan and Iran. Jundullah remained a major hurdle in the way of Pak-Iran relations. Still Jundullah with new names is working and doing her terrorist activities in different areas of Pakistan especially in Baluchistan.

Jondollah’s latterly meaning is "warriors of God" or “soldiers of God”. Later Jundullah was renamed as People's Resistance Movement of Iran. It is aggressor

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331 Ibid.

terrorist association drove by Abdulmalik Rigi. The supposed point and goal of the said terrorist organization was to secure the equivalent privileges of Sunni Muslims in Iran. The founder head of Jondollah Abdolmalek Rigi asserted that they have around 2000 warriors to accomplish their target of Sunni Muslims rights in Iran. Since 2003 Jondollah is in charge of numerous terrorist assaults in which 154 Iran nationals were slaughtered while more than 300 Iranian individuals were harmed. Leaders of Jondollah have guaranteed to slaughter 400 Iranian troopers. These statistical data points obviously demonstrating that how Jondollah made crevice in two sided relations of Pakistan and Iran.

3.27 Baluchistan Based Jundallah Organization

Jundullah is a Sunni Islamic militant association situated in Baluchistan that case to battle for the privileges of Sunni Muslims in Iran. It was set up under the request of Abdolmalek Rigi. It is acknowledged to have 2,000 warriors and cases to have butchered 400 Iranian troopers and various more consistent residents. It is a piece of the Bloch revolt in Pakistan and in Iran's Sistan-Baluchistan Province. The activist association started under the name of Jundallah and later renamed itself as the People's Resistance Movement of Iran. Iran declared Jundullah as a terrorist organization. Jundullah claimed for being behind various demonstrations of fear, target killings, kidnapping, hijacking and carrying opiates. Hence for Iranian government considered Jundullah as a major hurdle in the way of their national

334 The New Yorker, 7 July 2008
interest. Consequently they banned the organizations and declared it as a terrorist group.

Pakistan imparts a 909 km fringe to Iran. Pakistan's biggest area, Baluchistan, ranges the cruel and tough landscape of the whole Pakistan-Iran outskirt. The Bloch range on either side of the outskirt has dependably been unpredictable. Conflicts between nearby pioneers and hostile to administration components with Pakistani powers and the Iranian administration separately, over self sufficiency, resources circulation and the protecting of radicals, have risen drastically amid the previous couple of years. Separatist movements in Baluchistan province by different Baluch tribes and other ethnic organizations are also evident in this way. Jundallah is firmly connected to the Bloch patriotism in Pakistan, however dissimilar to the Pakistani Baluchis guaranteeing regional partition; Jundallah does not look for withdrawal or union with Pakistani Baluchistan. Jundullah have no concerns with the separation or union with Pakistan but it has own militant agenda which leaders of Jundullah many times presented that they are intending to protect Sunni equal rights in Iran. Iran charges the United States and other outside components of sponsorship Jundallah, potentially from Pakistani domain with Islamabad's backing.

In mid 2007, in countering tactics against Jundullah Iran shut the Pak-Iran fringe at Taftan. Further Iran demanded Pakistan to surrender its backing for Jundullah. But Jundullah was developing day by day. Further Jundullah accepted the responsibility of attack on convey in Zahedan city of Iran, this incident was happened in February 2007 in which 11 officials from the IRGC were murdered. For the initial five years, Jundullah worked in the Iranian area of Sistan-Baluchistan, flanking the

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Pakistani cities of Chagai, Kharan, Panjgur, Kech, and Gwadar. Its pioneer, Mullah Malik Rigi, studies in a Pakistani madrassa in Mashkel, Baluchistan. Further he used to live in Quetta and Karachi for a long time to carry on its militant activities. He developed his organizational relations with other anti Shia organizations in Pakistan. Anti Shia Pakistani associations like the Lashkar-e-Jhangvi have additionally supported the Jundullah. Consequently Jundullah appeared as a strong militant organization against Iranian interest. As officialy, Iran has presented her view to protect the Shia rights in all over the world. Further militant acts of Jundullah remains a deteriorating factor in Pak-Iran relations. Again in December 2010 Jundollah took responsibility for an assault on a mosque in the city of Chabahar that left 38 individuals dead and 89 others were harmed. Iran has blamed Pakistan for facilitating Jundallah. Again Iran demanded Pakistan on a few events to not provide the backing support to Jundullah. Otherwise Iran will seal the Pak-Iran border.

Iran additionally claimed that Pakistan was not finding a way to control Jundullah. As a result, due to Jundullah Pak-Iran bilateral relations were not developing. Pakistan government was presenting her point of view against Jundullah. Pakistan described Iran that they were utilizing their resources against Jundullah’s militant activities. One of the major efforts made by Pakistani administration against Jundullah was to free 21 Iranian authorities from the grapple of Jundullah in August

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2007 has been credited to Pakistan's craving to increase a few concessions from the United States.\textsuperscript{345}

In spite of the fact that Pakistan administration was succeeded in a strong act against Jundullah but later claims of Jundullah created gap between Pak-Iran administrations.\textsuperscript{346} Tensions amongst Pakistan and Iran were increased in light of the October, 2009 Jundullah claimed another assaults against Iranian Revolutionary Guards in Sistan-Baluchistan territory.\textsuperscript{347} This incident increased more tensions between Islamabad and Tehran administrations. President Ahmadinejad publically criticized Pakistan and blamed that "certain authorities in Pakistan" contributed in this assaults.\textsuperscript{348} On some occasions Iran also blamed on Pakistan for monetary assistance to Jundullah but Pakistan officials denied. Pakistani authorities denied any association in the assaults, also Pakistan rejected Iranian Interior Minister Mustafa Mohammad Najjar's allegation that Jundallah got monetary assistance from Pakistan.\textsuperscript{349}

Iran's Deputy Foreign Minister, Hassan Qatari said that the Pakistani government should take genuine measures to kill or control terrorist exercises over the border area of the two nations. The Pakistani government is relied upon to satisfy its guarantees and to take more genuine efforts against the roots of terrorist groups like Jundullah and their insidiousness exercises.\textsuperscript{350} Pakistan's relations with Iran crumbled in the wake of October 2009 assault in Sistan-Baluchistan region. The assault brought about the death of a few senior official authorities of Iran's Revolutionary Guard Corps. An Iranian Foreign Ministry official said there is a concealed motivation


\textsuperscript{347} Alireza Nader, And Joya Laha, Iran's Balancing Act In Afghanistan (Santa Monica: Rand National Defense Research, 2011), P. 44.

\textsuperscript{348} CBS News “Tensions Rise between Pakistan and Iran,” October 19, 2009.

\textsuperscript{349} “Iran’s Interior Minister arrives in Pakistan,” Dawn, October 23, 2009.

behind the late deplorable occasion’s measures on Iran's eastern fringes with Pakistan and Afghanistan. Jondollah’s affiliations with Al-Qaida can't be denied.\textsuperscript{351}

US especially CIA was supporting this organization for terrorist activities in the Sistan-Baluchistan area.\textsuperscript{352} Along with these countries Al-Qaida have also strong affiliations with Jundollah. Jondollah is also involved in smuggling, kidnapping for ransom some and target killing in the region. Jondollah misused Iranian diesel, they carried diesel to Pakistan and Afghanistan and get Opium accordingly from Pakistan and Afghanistan. On the other hand Jondollah deal opium to Iran.\textsuperscript{353} So these kinds of exercises, besides aggravating and influencing the monetary, social, political relations of the both neighboring nations Pakistan and Iran. Iran is persistently presenting her reservations against US and UK for supporting Jondollah.

Iran is plainly calling attention to the both specified nations for support of Jondollah. A writer Seymour Hersh reported that US is supporting Jondollah against Iran.\textsuperscript{354} US need to detach Iran, so US utilized numerous strategies including utilization of Jondollah a terrorist bunch. Eventually Pak-Iran relations were aggravated as Iran displayed her perspective that US is supporting Jondollah on one side, while on other side it was said by Iran that Pakistan is likewise backing Jondollah, that how Jondollah can work in Pakistan without association of Pakistani government. Hence, Iran has also aggrieved points against Pakistan in the context of backing support to Jundullah. Consequently, Pak-Iran relations were not running in positive gestures due to worst role of Jundullah. Pakistan has rejected the Iranian allegations of backing support to Jundollah. Founder of Jondollah Abdolmalek Rigi in interview which was held on seventeenth October 2008 on Al-Arabaia TV, he assured

\textsuperscript{351} Zachary Abuza, “Funding terrorism in Southeast Asia: the financial network of Al Qaeda and Jemaah Islamiya,” \textit{Contemporary Southeast Asia} (2003), pp. 169-199.

\textsuperscript{352} Mark Perry, “False Flag—A series of CIA,” \textit{Foreign Policy, January} 13 (2012), p. 44.

\textsuperscript{353} Micah Peckarsky, “Terrorism in Iran: An Analysis of Non-State Militant Organizations in the Islamic Republic,” May 1st 2013, pp. 1.

that they have 2000 warriors completely furnished with preparing physically and ideologically equipments.\textsuperscript{355}

\subsection*{3.28 Major assaults done by Jundullah}

Nobody knows the date of Jondollah's formation, yet it is effectively working since 2003. Jondollah is an Iranian indigenous bunch built up by the adversary of Iran to destabilized Iran inside and remotely on the slogan of equal Sunni Muslims rights. In 2005, an assault was made by Jondollah on President of Iran Ahmadinejad in which the president stayed safe while his bodyguard was murdered and some different guards were injured.\textsuperscript{356} Jondollah assaulted on Iranian high authorities as well as they assaulted on Iranian non military personnel individuals. In 2006 on 16 March Jondollah hindered a street close Tasooki, they gathered 21 general persons and execute them at the spot.\textsuperscript{357} Another attack made by Jundullah was happened in March 2007. This time Jundullah killed more or less 20 people also they kidnapped a member of IRGC.\textsuperscript{358}

Numerous different assaults which Jondollah asserted will be introduced in the following pages. As indicated by Siddique Jondollah enlisted aggressors from Sunni religious radical Madrassas particularly from originator's tribe "Rigi".\textsuperscript{359} Rigi Tribe is

\begin{itemize}
\item \textsuperscript{355} J. J. “The Iran-Saudi cold war,” Retrieved from (2008, November 10)
  
\item \textsuperscript{357} BBC Persian 13 July 2006.
  
\end{itemize}
living on both sides of Iranian Sistan-Baluchistan and Pakistan’s province Baluchistan. Iranian government was struggling to capture Abdolmalek Rigi to stop Jondulla’s terrorist activities. As a result, in February 2010 he was captured alongside his delegate named Abu Hamza. Iranian government guaranteed that Rigi was captured in plane when he was flying amongst Dubai and Kyrgyzstan.360

Possibly he was captured in air or from the land areas of Pakistan or Iran. As indicated by Al-Jazeera TV, that Pakistan government captured Rigi and gave over to Iran.361 As Pakistan's ambassador to Iran, Muhammad Abbasi expressed that "Rigi capture couldn't happen without Pakistan's help".362 Pakistan was off the view that she helped Iran in terms of capturing Jundullah’s leader Rigi. There are some proofs that ISI, the intelligence agency of Pakistan upheld Iran to catch Rigi from Dubai.363 At last Iran executed numerous pioneers and individuals from Jondollah including the Abdolhamid Rigi the brother of founder Abdolmalek Rigi. Later, Abdolmalek Rigi founder head of Jundullah was also executed in 2010 by the administration of Iran. After the execution of Jondollah's top administration it turned out to be fiercer, as after the death of Abdolhamid Rigi by the Iranian government Jondullah asserted some serious assaults in Pakistan.364 After the execution of Rigi Muhammad Dhahir

http://www.rferl.org/content/Jundallah_Profile_Of_A_Sunni_Extremist_Group/1856699.html


361 Ibid.


Bloch supplanted him as another head of Jondollah. Furthermore, Jondollah developed as more savage.

After Rigi, it was sixteenth July 2010 when 27 individuals were murdered in a mosque in Zahedan. Two suicide assaults were done in this episode by Jondollah; numerous Revolutionary guards were likewise murdered alongside general people in this occurrence. Thus ChahBahar a city in Iran was attacked by Jondollah two times in December 2010 and October 2012. In February 2014 they caught five Iranian border security soldiers from Sistan-Baluchistan region. Further according to Press TV they slaughtered 14 Iranian border security men in Saravan city on October 2013. Administration of Iran formally dissent against KSA, and portrayed that her intelligence agencies were supporting Jondollah with respect to executing of Police men in Saravan city. In December 2013 they additionally executed some Iranian Revolutionary Guards. On Pakistan's west outskirt the Iranian area Sistan-Baluchistan is exist. What's more, this Iranian area is confronting precariousness from a long stretch. There are numerous illicit exercises are going on now and again which are specifically or in a roundabout way affecting the relations of both neighboring nations Pakistan and Iran.

3.29 How Jondollah was highly developed?

Mosques were utilized to accumulated individuals and to advance their ethnic, or religious radical thoughts in the Sistan-Baluchistan area of Iran. Jundollah pioneer Rigi clear up in a meeting in October 2008 that they don't have any separatism plan, to get particular independence from Iranian government. He advance

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portrayed that they simply require human rights for Bloch individuals living in Iranian territory. In any case, a few investigators perspective is distinctive and they contended that when Rigi met pioneers of LeJ a sectarian militant organization in Pakistan, then Rigi changed his approach and he got to be dynamic for separatism. Rigi likewise met the Afghani Taliban initiative with the assistance of LeJ in Zabul territory, however Taliban denied Rigi with blaming that US agencies were supporting Rigi. Another exertion which Rigi did to advance Jondollah, he met the pioneers of Al-Qaeda in Turbat region of Pakistan, Al-Qaeda invited him and accordingly they requested Rigi to help them for their development in Turkey and Pakistan. This examination was resistant risky for Pakistan and Iran about effectively helpless circumstance of terrorism. So the Jondollah did great kind of assault after this organization together with Al-Qaeda. Thus General Noor Ali Shooshtari, deputy head of Revolutionary Guards Corps and Rajab Ali Mohammadzadeh the central commonplace authority were massacre in an assault, and Jondollah took its responsibility.

3.30 Backing support of Jondollah

Jondollah militant group was framed with the assistance of remote backing to influence the regional security. Religious militancy was utilized as a device to aggravate the area. Iranian government charged on a few nations that they are supporting Jondollah against the interests of Iran. US, UK, KSA and Pakistan are encouraging to Jondollah, said by Iran. US were backing Jondollah to disturb Iran

and ultimately it was US tactics to stop Iran from making its nuclear assets. With the goal that Iran will stay occupied to shield its nation from terrorism and thus Iran will stay far from building up its atomic system. US-Iran relations are bad since 1979 because of Islamic Revolutions. Also, on the premise of Bush's announcement of "Iran is an axis of evil" and later its proliferations against Iran with respect to Iran's atomic arrangement demonstrates picture of terrible relations amongst Iran and US. In this circumstance US need to make instability in the locale so it will straightforwardly influence the interests of Iran. Since 1979 US-Iran relations have terrible relations history.

Because of shia-sunni noteworthy ideological differences, KSA upheld numerous aggressors bunches existing in Pakistan to conflict with Shia Muslims in Pakistan, as since 1979 Iran is minding and ensuring the privileges of shia Muslims in the world including Pakistan. KSA upheld activist organizations to make resistance in Pakistan against the Iranian interests. KSA made solid connections with activist sectarian militant groups like LeJ in Pakistan to create sectarianism against Shia minority Muslims in Pakistan. Therefore Iran being defender of Shia rights upheld financially to Shia militant association SMP, because of LeJ assaults Sipah e Muhammad Pakistan (SMP), hence SMP assaulted on various pioneers of LeJ and SSP. Sipah e Muhammad latterly meaning is the Army of Muhammad. Iran was presetting her reservations about the presence of Jondollah pioneers in Pakistan. Even according to Dawn that Rigi the founder of Jondollah was having Pakistani national identity card, Iran, in spite of rehearsed disavowals by Islamabad, constantly claimed

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that the gathering worked from Pakistan's dirt and that its pioneer Rigi was based there and conveyed Pakistan's national character card by the name of Saeed Ahmed, son of Ghulam Haider".  

3.31 Iranian Measures Against Jundullah’s Activities

Iran was of the view that US and Israel were supporting Jundullah to harm Iranian interests. As a result Iran was struggling to harm Jundullah to secure its border areas. In the wake of decaying security in Siestan-Baluchistan taking after Jandullah's in human assault, Iran has taken some strict efforts to establish safety along its eastern fringes. The Iranian government has apportioned a sum of 150 billion Tomans which is equal to around $150 million for the upgrade of efforts to establish safety along the Iranian outskirt. Responsibility regarding the security of fringe territories in Siestan-Baluchistan area has been given over to the Iranian Revolutionary Guards Corps and Baseej force. Baseej. IRGC and national police of Iran was appointed to control the security of border linked with Pakistan in 2009.

3.32 Concluding Remarks On Jondullah

Part of Jondollah support by Taliban, Al-Qaeda, world forces and local powers straightforwardly and by implication affected the relations of Pakistan and Iran. Shockingly the radical assaults and hijacking initiates of terrorist gatherings particularly of Jondollah turned into a test for both nations. Strategically Iran introduced its dissent against world forces furthermore against Pakistan. Indeed, even Iran’s risk to cross Pakistan's side of fringe to ensure Iranian outskirt security guards was a stage which aggravated the local legislative issues, while Pakistani media stay noiseless to standardize the circumstance on the name of "sensitivity". Therefore it can be said, that both nations ought to take some quantify to control their both sides


circumstance and it won't be supportive of any nation to threat each other. As indicated by universal law and the solid religious, political, social and monetary past relations danger of any sort will specifically influence the relations more. Thus these dangers ought to be ceased as it can build sectarianism in Pakistan. At the point when Iran is securing privileges of Shia rights in the entire world including Pakistan, the dangers can expand sectarianism in Pakistan being Sunni dominant part state. It will build sectarianism in Pakistan, LeJ and SSP are murdering Shia Muslims in Pakistan. So there is need of communication and table talks with acquire peace for region.

The world forces are not fundamentally in favor of both neighboring nations, infect they have their own key and political interest. So there is need of mutual motivation for both Pakistan and Iran. Both countries should understand that how world powers in the past they had made distinctive sorts of difficulties which influences the regional and additionally both neighboring nations bilateral relations. Iran ought to control her own particular side of Sistan-Baluchistan region as its interior issue and it ought to find a way to control its fringe security and not to danger other side. Also there is quite requirement for Pakistan to control uprisings in Baluchistan it is possible that they are separatists developments or sectarians terrorists bunch. At the point when Pakistan considers "sensitivity" of the area so there is need to take step against the terrorist bunches existing in Baluchistan. To manage aggressor bunch there is need to plane for social, political, and economic improvements in Baluchistan region. So that largest province Baluchistan can be a quiet and more grounded helpful for Pakistan federation.

3.33 Sectarian Violence in Baluchistan and the Assassination of Hazara

Persian speaking Hazara community who primarily live in Afghanistan, in past they migrated to Pakistan and started living in different areas of Pakistan especially in Quetta. It is an ethnic community of Afghanistan basically. They are Shia Muslims by religion and the third biggest ethnic group of Afghanistan, framing

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right around 9-18% of the aggregate population of Afghanistan.\textsuperscript{383} Over a large portion of a million Hazaras live in neighboring Pakistan particularly in the city of Quetta and a comparable number in Iran.\textsuperscript{384} Their number has quickly expanded especially amid the most recent two decades. In 1962, through enactment, the Hazara tribe was depicted as the national of Baluchistan area of Pakistan. Hazara’s population has drastically surpassed after 1986, because of an enormous movement. The Islamic Revolution of Iran impacted the social and political improvement of this group. The Sour Revolution in Afghanistan brought about the colossal deluge of Afghan evacuees both in Pakistan and Iran.\textsuperscript{385} Hence Hazara’s population was increased especially in Pakistan and Iran.

In Pakistan, the greater part of the Hazaras lives in and around Quetta, the capital of Pakistan's South western Province, Baluchistan. In Quetta Hazara populaces incorporate Hazara Town and Mehr Abad the city areas of Quetta.\textsuperscript{386} People of Hazara community have key positions in the Government regulatory administrations of Baluchistan and in the federal government of Pakistan. Hazaras are additionally politically dynamic in Quetta and host their own particular political party known as the Hazara Democratic Party.\textsuperscript{387} There are some famous personalities in Pakistan which belongs to Hazara community. The most outstanding figure of Hazara was General Musa Khan, who served as Commander in Chief of the Pakistani Army

\textsuperscript{383} Alessandro Monsutti, “Cooperation, Remittances, And Kinship Among The Hazaras,” \textit{Iranian Studies} 37, No. 2 (2004), pp. 219-240.


between 1958 to 1966.\textsuperscript{388} Next to this, Hazara students and Hazara people serving Pakistan government assumed a conspicuous part in the up lift of Hazara individuals in Pakistan.

Hazara people are not only living in Pakistan but also they are living in Iran. Even many Hazara business men are doing their business in between Pakistan and Iran. Hazara community in Pakistan has close and cozy relations with the Hazara community of Iran. Hazara visit to Iran continuously because they have their relatives in Iran or other social and ethnic affiliations in Iran. Also they have some types of business there in Iran. Hence often Hazaras visit Iran. To meet their companions and relatives; they go for studies in Iran, the significant piece of Hazara are considering in the Iranian urban areas of Qum and Mashhad.\textsuperscript{389} They search for occupation, go to the celebrations, the most imperative of which is Nouroz and visit to the Holy Shrines, particularly, the Holy Shrine of Imam Reza, and Bibi Masooma e Qum.\textsuperscript{390} Imam Reza the eight Imam of Shia sect his tomb is there in Mashhad\textsuperscript{391} and his sister named Bibi Masooma, her tomb is in Qum.\textsuperscript{392}

Pakistan is the world’s major nation from where a most excessive number of Hazara pay visit to Iran. They additionally go to Qum with the end goal of pilgrim and to Tehran to pay their tribute to the late Imam Khomeini.\textsuperscript{393} In any case, there have been some lamentable occurrences of partisan viciousness in which more than 600 individuals from the Pakistani Hazara people group have been executed

\begin{thebibliography}{99}
\bibitem{389} Alessandro Monsutti, “Cooperation, Remittances, And Kinship Among The Hazaras,” \textit{Iranian Studies} 37, No. 2 (2004), pp. 219-240.
\bibitem{393} Ibid.
\end{thebibliography}
subsequent to 2001. Quetta has transformed into an important site of the surge of their significant hatred and disappointment for Hazaras. Extremist radicals are requesting their requital on the Hazaras in Quetta. The new deluge of target killings in Quetta, which began in 2009, suggests that Al-Qaeda, Taliban, and their bound together psychological oppressor associations of which the prominent are Sipah-I-Sahaba and Lashkar-I-Jhangvi are incorporated into the objective killings of Hazara. As of late, about 30 Hazaras were killed in assaults on a transport conveying Shia travelers to Iran close Quetta in 2011.\footnote{Zuzanna Olszewska, “Quetta’s sectarian violence and the global Hazara awakening,” Middle East Research and Information Project (2013), p. 76.}

The reaction of the Pakistani Government has been only a lip administration. The merciless murdering of Hazara and disappointment with respect to the Government of Baluchistan to capture the guilty parties and to ensure the lives of their residents made misconception, questions, and suspicions later on concordant and selfless relations amongst Pakistan and Iran.

3.34 Terrorist organizations in Sistan-Baluchistan region of Iran

In the Iranian sides there are also some other militant terrorist organizations. These organizations are attempting to increase terrorism against the interests of Iran. There are two noteworthy terrorist organizations Harkat Ansar and Jaish ul Adl. These are all around well equipped and completely outfitted to destabilized Iran. As all three terrorist organizations including Jondollah are basically against the interests of Iran. Consequently these terrorist organizations are affecting the respective relations of Pakistan and Iran. Indeed, even Jondollah is working there in Pakistan also, and there are some terrorist assaults which guaranteed to done in Pakistan. So Jondollah is spreading terrorism in the Sistan-Baluchistan as well as in various different territories of Pakistan. Jaish ul Adl is another militant bunch making strains for Pakistan and Iran with the assistance of their activist terrorist and partisan exercises.

3.35 Jaish ul Adl
Jaish ul Adl can be said a branch of Jundullah. The motive and objectives of Jaish ul Adl are same extremist like Jundullah. Jundullah and Jaish ul Adl terrorist associations are dynamic to advance these ethnic and partisan clashes to create hurdles in the way of Pak-Iran relations. Moreover these terrorist associations have preparing focuses in Pakistani area Baluchistan to get strong for their worst motives. So the partisan viciousness is expanding in this area step by step. Extremist activities of the said groups are increasing, which are becoming a major challenge in the way of both countries. Pakistan is locked in to cover both sort of helpless issues; there is Bloch separatist developments inside its region Baluchistan on one side, while on the other side the terrorist exercises of Jundullah in both sides Iran and Pakistan.

Jundullah is making numerous difficulties for Pakistani government while keeping up their relations with Iran. As, Iran is persistently arguing to Pakistan to control Jondullah and other terrorist group’s exercises with in Pakistan. Jondullah was creating the same situation inner and outside Iran. So both nations Pakistan and Iran should be active to control such difficulties while battling Jondullah. As indicated by the NOREF report 2014 there is less data accessible about Jaish ul Adl, yet it can be said that it is the branch of Jondollah. As points, targets and style of both aggressor associations look like same. Some argue that Jundullah has changed her name as Jaish ul Adl with same objectives. It is additionally contended by that Jundullah transformed her name as Jaish ul Adl in 2012. Salahuddin Farooqui and an Iranian Bloch revolutionary are the two noteworthy pioneers of Jaish ul Adl. An Iranian revolutionary Baluch named Mullah Omer he showed ethnic motives of Jaish ul Adl rather sectarian.

Mulla Omar stated that Iran is not giving us our rights as we are Sunni by sect and our ethnicity is Bloch. He said that he is not driving a religious sort of development but rather he is battling for Bloch. Iranian official authorities argued that a few pioneers who left Jundollah, they framed another activist association like Jaish


396 Ibid.


398 Ibid.
ul Adl. At the point when Jaish ul Adl captured five “Iranian border security guards” in 2014, Iran undermined to send its security powers in Pakistan to get discharged their kidnapped border security guards. Pakistan government reacted to Iran to regard its border and also reacted that no one should be allowed to violate international law. Four out of five hijacked Iranian border security guards were discharged in April 2014 out of them one was slaughtered by Jaish ul Adl, as they said in a video message.

3.36 Harkate Ansar (HAI)

Harkat e Ansar Iran (HAI) is another terrorist bunch in Sistan Baluchistan region of Iran. This group is also likewise similar to the prior said two organizations are against the interests of Iranian government. One of its standard pioneers Abu Yasir Muskootani depicts himself and his association as a companion of Rigi. He said on his site (HAI) that the supporters of Rigi are still alive and he called the Bloch individuals for Jihad against Iranian government.

3.37 Attack on Iran and issue of nuclear program

Another issue during this period was controversial nuclear program of Iran. Iran was under pressure of US regarding her nuclear program. Pakistan’s official stand was to resolve the issue through peaceful means. Pakistan was clearly against military solution of this issue. Further Pakistan diplomats motivated Iranian leadership to avoid confrontation but to solve it through diplomatic measures. Pakistan supported the EU-3 and Iran talks in terms of negotiations and expected

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401 Ibid.

402 Ibid.


404 Ibid.
agreement on Iranian nuclear program.\textsuperscript{405} Pakistan was in favor of Iran that it is her legal and legitimate right to build nuclear program for peaceful needs. PM Shoukat Aziz visited Iran to show Pakistan’s attachment with Iran against the harsh behavior of US in terms of controversial Iranian nuclear program. PM Shoukat Aziz’s visit was also scheduled to go Mashed and Isphahan cities of Iran. This visit was assumed as continuation of bilateral visits of both countries as President Khatami paid a high delegation visit to Pakistan in December 2002. Then Zafarullah Jamali the former PM of Pakistan visited Iran two time in consecutive two years in October 2003 and later in 2004. In 2004 the first Iranian vice president Mohammad Raza visited Pakistan in March 2004. Khurshid Mehmood Qasoori visited Iran in August 2004 then in response Kamal Kharazai FM of Iran, he paid visit to Pakistan in December 2004.

Post 9/11 scenario when US initiated GWOT against Taliban and Pakistan was supporting to US in this GWOT. US President Bush hated statement against Iran “Axis of Evil” made Iran conscious about the US intentions. Now Iran was feeling herself “under threat” that US can attack on Iran through Pakistan territory. Further Iran feeling an alarming situation for her as US was exist in Iraq and Afghanistan. Iranian consciousness was acceptable as US forces were operating in two neighboring countries of Iran.

According to some scholars Pakistan clearly rejected these notions and described that it will not provide her land to US against Iran. Further Pakistan needs table talk solution of Iranian nuclear program as well. PM Jamli visited Iran in 2003 and he clearly stated about the Iranian nuclear matters should be resolved through peaceful means through negotiations.\textsuperscript{406} Similarly from different time to time Pakistan stated that negotiations would be better solution of nuclear issue, no military option should be adopted in this way. Iranian FM Kamal Kharazi visited Pakistan on 27 December 2004, objective of this visit to informed Pakistan leadership regarding Iranian nuclear program especially in the context Iranian talks with European countries and its development with IAEA. Iranian nuclear program was become

\textsuperscript{405} Mark Leonard, \textit{Can EU Diplomacy Stop Iran’s Nuclear Programme} (London: Centre For European Reform, 2005), P. 33.

\textsuperscript{406} Dr. Maqsudul Hasan Nuri, “Pakistan and Iran”s N-Issue,”\textit{The News}, June 8th, 2006.
controversial when Dr Abdulqadir Khan’s founder of Pakistani nuclear program confessed publically in February 2004 that he sold nuclear secrets to Libya, North Korea and Iran.\textsuperscript{407} In response of this confession by Khan, President Musharraf accepted the excuse of Khan, as Khan confessed publically that no military or governmental officials were involved in this nuclear proliferation scandal.

\textbf{3.38 Conclusion}

After the incident of 9/11, Pakistan and Iran were on one stand regarding Taliban, both countries condemn the Taliban attacks on US cities. Fall of Taliban after 9/11 evidence that Pakistan was ally of US against Taliban. Earlier the major contention between Pakistan and Iran were Taliban. So after 9/11 Pakistan was not supporting Taliban. Whereas both Pakistan and Iran were in favor of Karzai government according to Bonn Accord. Both countries were again agreed to create stabilization in Afghanistan as it would create stability in the region. Although there was a little difference between the policy of both sides in context of US invasion to Afghanistan. Pakistan was US ally, whereas Iran was pointing out the role of UN in Afghanistan. After 9/11 both countries became closes and initiated bilateral visits, cooperation in political, social and economic sector. Both sides were committed to develop stability in both sides for development of the regional peace. Different issues were taken serious to get these resolved.

Although Pakistan was US ally in GWOT and US influence over Pakistan in different prospects cannot be rejected. Pak-US partnership is not new, it’s as old as Pak-Iran relations are, although nature of relations is different. Hence, Pak-US strategic partnership is not specially formulated in context of anti Iran agenda. Further Pakistan never became part of any US campaign directly against Iran. Even Pakistan presented its diplomatic stand in favor of Iranian nuclear program without caring US pressure. Interesting scenario can be seen in contemporary cases Iran-Us nuclear deal and negotiations, cooperation on Iraq issue especially against ISIS (Daesh).

So for both Pakistan and Iran to develop mutual confidence and cooperation, there is needed to understand each other’s economic, political even strategic

compulsions. Sanctions on Iran imposed by UN along with desires of US and EU, to isolate Iran in the region were serious. These sanctions stopped Iran to export their energy reserves and other products in all over the world especially in neighboring countries. So these sanction affected Pakistan economy as well. For example the mega project of IPI of energy sector is delaying due to US sanctions and pressure. So these sanction affected Pak-Iran relations. Three states are directly promoting challenges for both countries. As these states have some interests in our sensitive region, while sensitivity is even more increasing day by day. Other two India and Saudi Arab had also created many security risks, promoted terrorism in the region. Thus there is need to properly examined the root causes foreign actors impacting Pak-Iran ties. Post 9/11 scenario, Pakistan and Iran are facing some serious nature of challenges along with the opportunities to resolve these with diplomatic, political measures.
Chapter - 4


Pakistan and Iran have longstanding history of religious commonalities, conventions, and social qualities. Being neighboring countries both nations have common borders. Subsequently there are numerous open doors for both nations as far as economic options to develop their economy. Additionally both nations are planning to build up their relations for monetary advancement. There are wide range exchange open doors for both sides in various areas which can build up their financial advancement to upgrade economic development. Likewise there are a few challenges in the method for economic advancement in front of both countries.

Since 1947 both nations have consented to numerous reciprocal arrangements to build up their relations in terms of different agreements, memorandum of understandings (MOU) etc. During the period 2005-2015 there were some opportunities along with some tensions were seen in Pak-Iran economic relationship. Because of Iranian atomic contention, United Nations force sanctions on Iran which likewise influenced Pak-Iran economic relations. Also there will be discus some other domestic issues and opportunities in the way of Pak-Iran economic ties. Henceforth, I will concentrate on the significant obstacles and real potential outcomes in the method for Pak-Iran economic relationship amid 2005 to 2015.

4.1 Economic Relations: Background

Iran was the principal nation who perceived Pakistan as a matter of importance as a sovereign state in 1947. So Iran first of all recognized Pakistan as a sovereign state. Shah of Iran was the primary head of state that went Pakistan first among whole world. Pakistan's first Prime Minister Liaqat Ali Khan went Iran in 1949. Equally Shah of Iran came in Pakistan in 1950, not only officials of Pakistan but also masses welcome him with complete keenness. Thus with these official visits of official heads from both sides the Pak-Iran ties were started with positive begin.
Amid the main visit of Iranian head in 1950, the principal agreement named “Treaty of Friendship” was marked amongst Pakistan and Iran.\textsuperscript{408} Both sides were aiming to build up their respective relations to develop their political social and economic relations. This arrangement was contaminate the breakthrough for Pak-Iran relations particularly as far as political, social and economic improvement. Later, both nations started another progression for their shared financial advancement as well as the territorial monetary upgrade. Both nations alongside the assistance of Turkey shaped a regional association named Regional Cooperation for Development (RCD). Every country goes towards regional alliances and bilateral ties to protect her national interests. Hence for Pakistan and Iran develop their ties with the help a regional organization RCD a common regional platform was developed by both countries along with the support of Turkey. RCD gave numerous chances to Muslim nations of the region to create and develop their economic progress. Collaboration between the member nations of RCD was upgraded with the assistance of this portfolio. RCD gave simple approach to member nations for exchange and exchanging merchandise from one nation to others with liberalization measure.\textsuperscript{409}

Both nations are still strong and active entity of RCD along with active participation of Turkey; RCD was renamed as Economic Cooperation Organization in 1985. ECO gave chances and provided opportunities to the member countries for the sake of economic enhancement. Subsequently, member countries including Pakistan, Iran and Turkey’s economic relations were improved. For exchanging exercises tax lessening measures were taken by the said association. Pak-Iran economic ties, financial base, exchange volume were likewise upgraded with the assistance of ECO. Especially Pakistan and Iran economic ties developed with the help of ECO. Hence I can argue that initiation of Pak-Iran ties was noteworthy with Pak-Iran collaboration through Treaty of Friendship and RCD/ECO. Further Pak-Iran bilateral ties were mutually developed with the help of imports and exports from both sides. Especially Pakistan had imported oil and energy resources from Iran which developed the

\textsuperscript{408} H. V. Pant, “Pakistan and Iran's dysfunctional relationship,” \textit{Middle East Quarterly} (2009), p. 31.

economy of Pakistan. In this chapter I will focus on the challenges and opportunities in the way of Pak-Iran economic relations from 2005-2015.

There were numerous open doors for both countries to build up their two-sided economic relations, and they do as such as needs be. Be that as it may, lamentably there were some difficulties seen by both sides too. Particularly US detachment arrangements against Iran influenced Pak-Iran economic ties. There were likewise some different reasons which were obstacle in the way of Pak-Iran economic ties. Iranian President Mohammad Khatami’s official visit to Pakistan in December 2002 after the fall of the Taliban government was seen as a great step for Pak-Iran new beginning. As it is fact, that in past relations between Pakistan and Iran were not running positively especially in 1990s. As after the core incident of "Mizar e Sharif" Pak-Iran relations were practically almost finished. Political tensions were increased in between Pakistan and Iran which automatically affected the economic relations as well. Because of this visit of President Khatami Pak-Iran ties were developed decidedly.

In the midst of his visit, the two countries denoted a Bilateral exchange Agreement; which communicated fresh start, further Bilateral Agreement on Cooperation in Plant Protection and Quarantine; additionally another progression to upgrade political relations. Thus President Khatami’s visit to Pakistan was not only new beginning of mutual relations but also this visit erased the past tensions of mutual relations. A Memorandum of Understanding of the thirteenth Session of Iran-Pakistan Joint Economic Commission and Defense Cooperation was likewise marked to build up their key relations. Both countries had before assented to a course of action with respect to fringe security, resistance measures, security, economy, knowledge sharing to help each other for security improvement. President Khatami's visit to Pakistan was much significant and essentially imperative as Pak-Iran ties were not positive in 1990s as there were serious issues both countries were facing mutually.

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411 Ibid.
For economic connections in between Pakistan and Iran is concerned, the quantum of trade between them is decently low. There was expected high trade volume between Pakistan and Iran as both countries were neighbor and having a road connection which can provide a great opportunity of a carriage corridor so that to import or exports goods and merchandises. Iran conveys US$ 265 million to Pakistan where as Iran imported US$ 92 million from Pakistan in the midst of the budgetary year 2003-04.\textsuperscript{412} In any case, in the midst of the Iran-Iraq War, the quantum of corresponding trade was a great deal more than the budgetary year 2003-2004.\textsuperscript{413} This is infect awful situations of Pak-Iran ties which must be examined systematically so that to develop the trade volume. Thus, there was low exchange volume seen in between Pakistan and Iran. On the off chance that both nations are meaning to build up their monetary ties then there is need to determine the issues which are obstacle in the way exchanging which are bringing about of low exchange volume. Pak-Iran financial relations were gravely influenced because of low exchange volume, less outskirt exchanging. Further Iranian economic policies and their different approaches were additionally hindrance in reciprocal economic advancement. Iran forced banned on Pakistani distinctive items like natural products, wheat, rice and harvests in 1996.\textsuperscript{414}

### 4.2 Introduction Economic and Trade Relations

Economic relations with the close neighbors are probably the most important factor of each state's foreign policy these days. Unfortunately, lack of notable economic cooperation has been a part of the history of Pak-Iran bilateral relations. Petroleum enriched Iran was a potential source of economic and trade cooperation present at the very doorstep of Pakistan which can also be helpful to resolve the ongoing energy and power sector crisis in the country.


\textsuperscript{413} Ibid.

\textsuperscript{414} Mustafa Kamal, “Pakistan and Iran to discuss free trade agreement” *Dailytimes* 21 October 2003.
According to some analysts, Economic and energy sectors are the most preferable choice for both countries Pakistan and Iran to collaborate on and to develop an energy corridor to lift up the economies of the neighbors lying very next to each other. Recent economic growth in Pakistan and the removal of long lasted economic and trade sanctions on Iran have produced a definite leverage for both Islamic states to strengthen and enhance their mutual trade and economic relations in rather a more comprehensive manner. A preferential trade arrangement was signed mutually in the year 2004, with the possibility of transforming it into a free trade agreement in the future. In industrialist world, economic advancement of any nation assumes a vital part to build up its relations with other states. So also to upgrade international ties, economic advancement for any nation is vital. Further economic development is essential to penetrate in the modern world. Both nations can upgrade their economic advancement through imports and exports of the items which both nations are importing or sending out from different other nations. While, there are numerous choices to start reciprocal exchange in terms of the different products. Further both countries should exchange different commodities to enhance their mutual trade, as such commodities both countries are exchanging with other countries too, and thus both countries can increase their trade volume. As both nations are neighbors and they would bear less distance in terms of transportation of goods. There is wide scope for economic relations in between Pakistan and Iran.

An important agreement was made on fourth March 2004 in Islamabad, named as PTA, Preferential Trade Agreement between Pakistan and Iran. Numerous fields were talked about amid this session that what things and items both nations can exchange to each other. Around 647 items were examined and it was concluded under the PTA that both neighbors will decrease custom duties on these things, so that the

economic sector of both side could prospered.\textsuperscript{418} Further it was chosen that custom
duties, Iran will diminish on 309 items while exchanging with Pakistan\textsuperscript{419},
accordingly Pakistan will likewise decreases such duties on 338 things for Iran.\textsuperscript{420} At
the finishing up formal agreement of PTA, both nations were consented to change
over this PTA in FTA Free Trade Agreement in future. Both countries were motivated
to upgrade economic advancement alongside to create new opportunities of common
economic cooperation.

Exchange volume between both nations is low, which provides a free space to
increase trade volume. Imports and exports between the both have additionally low
which should be expanded. Not only high official’s delegations visits are essentially
however there is great need to execute the policies and projects. Official’s visits from
both sides to expand trade volume and economic improvement planes, gives an
expectation for the "advancement". Active participation in mutual projects along with
the regional economic development is necessary to be developed in context of
economic.

SCO, Shanghai Cooperation Organization is additionally giving plan to
economic advancement, as Pakistan is member of the said organization whereas Iran
has the status of observer in the said association.\textsuperscript{421} Along these lines, part of both
countries is critical to create local economic trading so that to settled the regional
economy. For the development of mutual trade both countries considered each other.
Further both countries granted the status of MFN status to each other which was a
positive gesture. Thus in current scenario there is need that both countries understand

\textsuperscript{418} P. M. Ignatiev, “Iran–Pakistan tense friendship, Міжнародні відносини Серія,”
\textsuperscript{419} Manzoor Ahmad, Zahir Shah, and Jehangir Khan, “Pakistan–Iran Relationship in
the Context of Regional and International Challenges (2001-2013),” \textit{International
Journal of Academic Research in Business and Social Sciences} 4, No. 4 (2014),
pp. 404-419.
\textsuperscript{420} Ibid.
\textsuperscript{421} Nicklas Norling, and Niklas Swanström, “The Shanghai cooperation organization,
trade, and the roles of Iran, India and Pakistan,” \textit{Central Asian Survey} 26, No. 3
the compulsion of each other, and to develop their economic and political ties accordingly.

4.3 Pak-Iran relations in energy context: Pakistan importing electricity from Iran

Pak-Iran economics relations in terms of gas and electricity are of much important basically. As for as electricity is concerned Pakistan is depending on Iran to get rid off from load shedding issue. Iran has also provided loan to Pakistan for the construction of transmission line. According to this initiative of Iran Pakistan will be able to import 1000 MW electricity. The above said transmission line to access Iranian electricity it is planned to spread 100 KM transmission line in Pakistan and 70 KM in Iran. This project will decrease the electricity issue with in Pakistan. This is one of the important projects for Pakistan to overcome the energy crises as Iran is not only going to provide electricity to Pakistan but also Iran is ready to fund Pakistan for the transmission line. Furthermore this will be a cheapest option for Pakistan to get electricity from Iran. Iran will charge only six cents for each unit while exporting electricity to Pakistan. The electricity through Independent Power Producers (IPPs) is much costly than the electricity option from Iran. Hence Pakistan is more motivated to receive less price electricity from Iran.

Cost of electricity through IPPs is about 20 cents whereas already mentioned that electricity option from Iran’s price is six cents for each unit. According to plan it was 220KW the above said transmission line which was going to be spread in Pakistan. Also it is most important option for Pakistan to get electricity from Iran, as Pakistan can get electricity in less time period as compared to other options of getting electricity, like domestic generation through dams which will take more time to provide electricity to Pakistan. Thus, in such situation that when Pakistan is in urgent need of electricity Pakistan will defiantly welcome electricity from Iran.

The supply of electric power from Iran is a positive gesture for Pakistani borderland people whom are experiencing longstanding issue of load shedding and domestic instability. Baluchistan region of Pakistan are getting benefits from electric power of Iran. WAPDA was using diesel-run generators to supply energy to border
towns only for 5 to 10 hours a day. But Iranian assistance in terms of electricity cannot be denied. Iran is starting now supplying power through its 132KV line to Mekran coast border range. The cross border areas of Pakistan are still relying on upon electric power imported from Iran. The Iranian forces prescribed that a 132-kilovolt (KV) transmission line be laid between Mirjawa (Iran) and Dalbandin (a district of Pakistan) for Rs 1.34 billion and another 132-KV transmission line from Mirjawa to Dalbandin and to Chagai by route for Nokundi for Rs 2.08 billion.

WAPDA considered it exorbitantly expensive for Pakistan. The electric power introduced another recommendation to invigorate the Twin Baluchistan zones by laying its own particular transmission line from Faran Grid Station to Dalbandin for Rs 584 million. Pakistan was importing 37 megawatts from Iran and this electricity was being used in Baluchistan. Also import of electricity from Iran has increased up to 70 megawatts which is more beneficial for Baluchistan as compared to the past. Further Iran is showing her interest to export electricity in Pakistan. Thus two major projects for import export of electricity are under discussion between Pakistan and Iran. About 100 megawatts project which is under discussion for Gawadar area where as another project for about 10000 megawatts project for entire Pakistan including Baluchistan areas is also under discussion. Pakistan is motivated to finalize these projects with Iran so that to decrease her electricity issues with in Pakistan. As electricity deficit is a basic problem for the economic deficiencies in Pakistan.

Both nations have numerous chances to build up their economic development. In the event that one nation goals to upgrade its economic advancement through imports, comparably other nation gets advantages through exports and vice versa.

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423 Ibid.

424 Ibid.


427 Ibid.
Pakistan is in search of to solve the serious energy crisis in Pakistan.\textsuperscript{428} Pakistan asked Iran to supply her crude petroleum on reasonable prices, to which Iran coincide.\textsuperscript{429} This is also another evidence of Iranian assistance to Pakistan in terms of its energy crises. Iran is supplying 1100 MW of electric power supply to Pakistan to calm an extreme energy crisis in the state.\textsuperscript{430} Now in border area of Pakistan, Iran is giving up to 35 MW power supply to Pakistan.\textsuperscript{431} There has been a focus on extending accessibility exchange choices over the fringe sides, and the both countries have declared the two Baluchistan on either side of their edges as twin provinces to further enhance exchanging exercises, economic related and social associations in the region.\textsuperscript{432} Pak-Iran JEC likewise engaged to expand the trade volume through border trade. Joint Economic Commission was established in 1986.\textsuperscript{433} JEC is one of the significant portfolios for both countries to develop economic ties. Latest session of the JEC was held in Pakistan in 2014. Subsequently, fringe exchange upgraded amongst Pakistan and Iran. Distinctive forums and joint commission were decided for dialog and advancement of economy. Both nations have additionally used distinctive working meetings sessions for the same reason. Five major agreements were signed in the said session of JEC. Joint Trade Committee, ECO Trade Agreements, Joint


\textsuperscript{430} “Iran offers electricity at low tariff,” Dawn, Feb 11, 2015.

\textsuperscript{431} The Express Tribune, Oct 25, 2011.


Commission on Road Transportation and Passengers are additionally advancing to run economic exercises.434

4.4 Issues in Baluchistan For Economics of Both Countries

No one can deny the significant importance of Baluchistan region in Pak-Iran relations but unfortunately there are in like manner beyond any doubt weakening variables which are comparably accountable for making confusion, inquiries and influence in the proportional neighborly bilateral relations between the two countries e.g. confinements and limit at Pak-Iran border, the appearance of Jandullah Organization, terrorism and sectarianism is also spreading in Baluchistan, the merciless killing of Hazaras people, illegal trade, drugs and human trafficking are the major hurdles led by Jundullah and other groups.

In modern world every country focused and protects her national interest. Thus in Gwadar port China is concerned interested and investing in Gwadar port for her national interest. At the same time Pakistan is in need of foreign investment to develop her economy. Pakistan can get access to CARs to develop her import export activities for the sake of her economy. Hence common interest developed in the Gwadar port for both countries China and Pakistan. With the help of Gwadar port Pakistan can develop her bilateral ties with different states especially land locked Afghanistan and CARs. Another important benefit of Gwadar port is its geographical position. Through Gwadar Pakistan can have access to the area of Straits of Hormuz.435 Pakistan can get access to CARs with less distance.436 CARs can be able to import oil and energy resources through Gwadar port, ultimately Pakistan can get and generate economic benefits through Gwadar corridor. Pak-India rivalry is as long as creation of both countries. Thus India never wishes Pakistan to be developed in terms of economics especially in the sense of Gwadar port.

India tilts her toward Iran for the construction of Chahbahar port against the ambitions of Pakistan. India was also intending to get access toward CARs for economic means,

434 Pakistan Today “Pakistan, Iran Sign 5 Mous To Enhance Bilateral Cooperation,” December 9th, 2014.
thus India showed her interest in the construction of Chahbahar port to reduce the significance of Gawadar port. Competition can harm Pak-Iran ties, because any third country can take advantage of such situation. Thus there is need to develop mutual trust not competition. Foreign policy makers of Pakistan are of the opinion that Pakistan want to develop her collaboration with Iran, even Pakistan is not considering Gawadar-Chahbahar completion but Pakistan consider it complement ports for the economic development of both nations. Finally there is need that both countries should develop their economic and political ties instead any type of misunderstanding and unreliability.

4.5 Pak-Iran Joint Venture in Baluchistan

Pakistan and Iran both countries are significantly intending to initiate different projects to develop their economic progress. Henceforth one of the important project was initiated by both countries was Joint oil refinery at Hub the famous area of Baluchistan. The proposed Refinery having hydro units which will convert the petroleum imported from Iran into diesel oil. And this diesel will be used for multipurpose. Already Pakistan is in search of this type of diesel which can fulfill its demand to use it for its power sector. The production of diesel through Pak-Iran coordinated oil refinery will decrease the issue of less energy resources in Pakistan. The proposed project will similarly increase cooperation amongst Pakistan and Iran political and economic prospects, which persist in the past couple of years in perspective of the political misconceptions and judgment between the two countries. It will also provide economic opportunities in the country especially in Baluchistan areas and it will offer job opportunities in the districts where such projects will be initiated. Especially people of Hub district will get benefits from the said project.

4.6 IPI Project

IP gas pipeline project is one of the important steps between Pak-Iran relations. This project was initiated in 1994. The Iranian gas is a paramount thing

Ibid.


Ibid.
brought from Iran into Pakistan through the pipeline from border area. Similarly, another Joint Venture Pakistan-Iran gas pipeline is one of the basic upgrades which can extraordinarily help Pakistan to thrashing its energy crisis. The consequent future of the Iran-Pakistan-India (IPI) gas pipelines similarly lies in Baluchistan. As, the pipeline will be spread in Baluchistan province of Pakistan linking with the Sistan-Baluchistan region of Iran. Pakistan’s own resources of gas and oil are insufficient to deal with energy crises. Henceforth Pakistan is showing her keen interest in IPI project. By moderation of its imperativeness resources and its territory, it is key variable to the essentialness supply to substitute locales of Pakistan.

The Pakistan's rising energy crisis is the reason to import gas from Iran. Hence for Pakistan can overcome her energy deficit and can develop in terms of economic activities. Baluchistan is the principle potential region for the proposed IP project. IP gas pipeline will starts from Iran and Iranian pipeline will attached with Pakistan’s pipeline in Baluchistan province and further it will attached with Sind and Punjab province respectively and even it will go to India as well. Infect Pakistan have extensive resources of ordinary gas, however there is lake of its extraction in Pakistan. Henceforth Pakistan is facing energy crises and searching for import of gas from other countries like Iran. Especially Pakistan is intending to import gas from Iran to get low price gas and easy access. IPI project will be discussed in chapter five with details.

4.7 Proposed Mutual Projects

There are numerous projects which are under discussion in the between of Pakistan and Iran authorities. In some proposed projects we can observe improvement, and many others are being politicized because of the US isolation policy towards Iran. There are some main projects which are basically pending due to two reasons. First reason is US imposed sanctions over Iran. Whereas second reason is lake of interest of both countries to finalized these ventures. The pending ventures, IPI, Noushki-Dalbandin road, Taftan-Quetta power transmission line, Quetta-Zahedan transport rout, and Taftan-Quetta Railway line. There is much need to finalize these projects. Sadly, a large number of the above ventures are still not finalized, while the subject of execution is much essential. Appropriate arranging with keen interest can just execute these activities which are not appeared to be as.
In any case, there is needed to make certainty to execute such significant activities for political, economic and social advancement with in both nations and also for the regional economic development. Contemporary advancement in regards to P5+1 negotiation with Iran on her atomic system can upgrade the certainty of Pakistan to get free off from US influence. As when US itself is doing deal and negotiations with Iran for her advantage then why Pakistan have to not start ventures for her advantage. Muhammad Nawaz Sharif PM of Pakistan went to Iran and eight MOU’s were signed in May 2014, which insubordinately made trust in the further advancement.\footnote{J. H, “Nawaz Sharif’s visit to Iran,” \textit{The Nation}, May 13, 2014.} This trust should be further increased to execute mutual economic policies.

4.8 Ferry Service

Ferry Service is another step which can enhance Pak-Iran bilateral ties. Through Ferry Service both countries can also generate revenue which will consequently develop their economic growth. Pakistan’s Ministry of Ports and Shipping is intending to initiate Ferry Service.\footnote{C. K. R. Zaheer, “Development and Operations of the Port of Gwadar,” \textit{International Federation of Shipmaster’s Associations} (2006), p. 22.} Ferry Service will provide contented transporting facilities to the visitors, business community and especially it will comfortable opportunity for the pilgrims. The fare of the ferry service will also be less which will further develop economic activities. According to the MPS soon Karachi-Iran and Karachi-Gawadar ferry service will be inaugurated. Consequently, economic development, security of the visitors’ coordination of both countries will be developed in terms of ports and shipping sector.\footnote{Ibid.}

4.9 Respective Institutional Economic Engagement

Post 9/11 situation Iran was marked as an axis of evil by the US.\footnote{A. E. Torbat, “Impacts of the US trade and financial sanctions on Iran,” \textit{The World Economy} (2005), 28(3), pp. 407-434.} Further US started numerous progressions to isolate Iran especially in terms of economic. Indeed,
even UN forced economic sanctions on Iran are also evidence which affected the Iranian economy. These sanctions affected Iranian foreign affairs while maintaining their relations with different countries including Pakistan. Thus, there were numerous obstructions including US, UN and Western sanctions in the method for Pak-Iran economic ties.

Both nations were inspired to bring economic advancement in two-sided terms as well as to acquire improvement in the region. In spite of the fact that, economic sanctions were forced on Iran, however both nations had started some positive planes in a troublesome circumstance. PTA is one of the positive planes taken by both nations. Preferential Trade Agreement was marked amongst Pakistan and Iran in 2004 which gave numerous chances of trading to both nations. PTA diminished the obstacles in the method for Pak-Iran economic ties. Trade volume was enhanced with the backing of PTA. As indicated by PTA Pakistan gave to Iran concession in terms of import duties on 338 things. Similarly, Iran gave concession in terms of import duties on 309 things to Pakistan. Consequently, PTA provided opportunities to both nations for economic improvement, so that to increased trade volume as well.

Discussions of master working group regarding IPI project has directed a few meetings to concentrate on the IP venture. The initially meeting to examine the difficulties in the way for IP venture was held in Feb 2014. Both sides showed their keen interest to finalize the project to get benefits from IPI. Additionally, both sides concentrated on the advancement of the venture and the real difficulties in the way of IPI project were discussed.

4.10 Joint Economic Commission

Pak-Iran Joint Economic Commission was likewise planned to develop economic ties. Thus for, The Secretary of Petroleum Pakistan likewise went to Iran to participate in the session of said commission. Commission was going to concentrate on the improvement of economic relations to expanded trade volume. There was

irregularity amongst Pakistan and Iran as far as economic activities are concerned. Because, Iran was exporting more to Pakistan while importing less from Pakistan.⁴⁴⁵

So the essential purpose of talk in meeting of commission was to make trades equalization between both nations. So that to reach at the point that both nations can get economic advantages equally.⁴⁴⁶ Some evidences demonstrates that two sided trading volume of exports was US $376 million, while Pakistan sends out US$ 92 million and remaining US $284 million goes for Iran.⁴⁴⁷ So a clear distinction in trading volume can be noted. There is needed to make equality regarding exports and imports so that Pakistan could likewise get the same advantages like Iran. If relational cooperation goes on equal basis both countries will be beneficial. Pakistan-Iran Joint Economic Commission was set up in the year 1986 by the both countries, an institutional apparatus en route for recognition and promotion of mutual collaborations in economic, trade and investment sectors. However Pakistan’s physically powerful alignment with the United States of America in terms of politico-economic and geostrategic association and Saudi Arabia’s interest oriented support in subsequent years suggested insignificant guarantees for Pakistan-Iran joint efforts, as well as in the areas of trade and economy. Infect Iran was reluctant while carrying economic relations with Pakistan, because of US and Saudi factors.

The Joint Economic Commission is at a standstill but at the same time in an officially working condition. Its 19th meeting was organized in December 2014 in the capital city of Pakistan.⁴⁴⁸ As in cooperation both Pakistan and Iran reached various arrangements relevant to the institutionalization of a Joint Investment Committee, mutual assistance settings between Pakistani Small and Medium Enterprises Development Authority and Iranian Small Industries, and the development of a relationship like of sister-ports connecting the ports of Chaabahaar and Gawadar,


⁴⁴⁶ Ibid.

⁴⁴⁷ Ibid.

other than collective team works in the number of field as of investment and trade, and economic and technical assistance. Nevertheless, the accomplishment of all related accords mentioned before such as for the infrastructural building of the Iran-Pakistan natural gas pipeline has stayed behind due to a lot of questions, to a certain extent caused by external aspects for instance pressure exerted by Saudi Arabia and the United States on Pakistan and by international sanctions towards Iran.

Pakistan is member of World Trade Organization since 1995. While, since 2005 Iran has status of observer in WTO. Pakistan gets benefits through the platform of WTO from Iran while maintaining economic relations with Iran. Pakistan was encouraged by decreasing import duties as per the contract of WTO. Iran gave duty decrease to Pakistan even as an observer member of WTO. UN imposed sanction over Iran but in any case, Iran created some opportunities to develop its economic ties with regional countries including Pakistan. Iran has used its tremendous energy like oil and gas assets to get free off from troublesome circumstance under UN sanctions. Consequently, Iran started oil and gas exchanging with Pakistan.

4.11 Economic Cooperation Organization Trade Agreement (ECOTA)

Both nations are active members of Economic Cooperation Organization Trade Agreement (ECOTA). ECOTA was marked in 2003 for regional up

449 Ibid.
gradation of trade.\textsuperscript{453} ECOTA was initiated to develop local economic activities and to overcome the effects of UN or US sanctions over Iran. Likewise one of the goals of ECOTA was to create economic scope within the region to solve problems of US influences.\textsuperscript{454} Shockingly, ECOTA has not yet been endorsed by Iran as a result of Iranian reservations against Turkey on Tariff issue.\textsuperscript{455}

\textbf{4.12 Scope for economic relations}

There is much potential in different fields as far as Pak-Iran economic measures are concerned. Both nations can improve their economic advancement while concentrating on various potential fields. There is much demand of freeze meat in Iran. Iran every year imports 100,000 MT frozen meat from Brazil and Argentine. It imports just 20 percent of frozen meat from India and Pakistan.\textsuperscript{456} Along these lines, if Iran imports from Pakistan more than Brazil or Argentine than unquestionably Iran will bear less transportation charges when contrasted with Brazil and Argentine. Further it takes 45 days if Iran imports meat from Brazil or Argentine, while if Iran imports it from Pakistan, it will likewise take less time less charges. Subsequently through business of frozen meat Pak-Iran economic ties can be flourished. Iran imports around 15000 MT freeze meat from Pakistan annually.\textsuperscript{457}

Along these lines Pakistan has around 45 butcher houses. Tragically just five out of these 45 butcher houses are endorsed and certified by Iranian government.\textsuperscript{458} Remaining 40 houses are not affirmed by Iranian Veterinary Organization. Along

\begin{itemize}
\item \textsuperscript{453} ECO MOU The agreement between the member countries provides tariff concessions, \url{http://www.ecosecretariat.org/ftp_root/Documents/Stat_ECO_Agree_MOU.htm} (accessed November 21, 2014)
\item \textsuperscript{454} ECO WEBSITE Economic Cooperation Organization official website, \url{http://www.ecosecretariat.org/in2.htm} (accessed November 21, 2014)
\item \textsuperscript{455} Pervez Tahir, “Prospects of Economic Integration among the ECO Countries,” \textit{The Pakistan Development Review} (2004), pp. 913-923.
\item \textsuperscript{456} IVO Official Website of Iranian Veterinary Organization (IVO), \url{http://www.eivo.ir/listEn.aspx?grp=3} [Accessed November 24, 2014]
\item \textsuperscript{457} Ibid.
\item \textsuperscript{458} Ibid.
\end{itemize}
these lines, this is making obstacle in the way of Pakistani meat exportation. There is wide degree for Pakistan to build new butcher houses in Quetta and Taftan. With the goal that Iran affirmed amazing butcher houses and Pakistan will have simple access to exchange freeze meat by means of Taftan border to Iran. It will charge less transportation expense and chance to export more meat than Brazil, Argentina and India. Because of absence of strong butcher houses smuggling of animals, goats and sheep is expanding which influencing economic improvement of both sides.459

There are two butcher houses in Iran close to Pak-Iran border working by Iranian business group. These butcher houses are situated at Sarbaz and Zabol, Iranian representatives use these live animals exchanged from Pakistan to Iran to satisfy their demand of meat.460 As an after effect of smuggling of live animals Pakistan is confronting terrible disrepute. These smuggled live animals are of old age and wiped out animals which are the reason for awful notoriety for Pakistan as Iranian’s demand is young live animals and quality based animals or quality based meat. Further Pakistan gets fewer costs from these animals because of illness and old age. Furniture is likewise another important item which Iran needs. Iran is demanding of high quality type of furniture. Pakistan has additionally wide degree for exports of furniture to Iran. Furniture products of Chiniot city of Pakistan are acclaimed in everywhere throughout the world.461 Consequently Pakistan can export its furniture to Iran also. Once Iran was exporting furniture to other countries but now Iran is importing furniture items from different countries.462 Moreover smuggling is increasing through usual visitors of Iran. There is lake of strong checking mechanism for the routine

visitors. Different agents who lead the pilgrims on monthly basis. Hence these agents get chances to visit Iran on month to month bases to visit Iranian holy places like Qom, Mashhad and Tehran. They carried handicrafts through bag exchange illegally (carrying).

They even put these handicrafts in baggage of the pilgrim travelers. Thus smuggling of furniture and other products is increasing day by day. It is imperative for both nations to concentrate on the issue of smuggling, there is need to start some lawful approaches to advance trade in terms of meat, furniture, fruits and vegetables.. Exporters from Pakistan pay their less attention to take an interest in Furniture exhibition of Tehran. Thus, business group of Pakistan ought to participate in furniture exhibition of Tehran so they can take benefit and at last Pak-Iran economic ties can be improved. Pakistan and Iran are creating monetary ties prescribe that the two countries have comprehended the criticalness of the money related facilitated exertion and its preferences for the financial change of the two countries. India's hegemonic mien in its monetary methodologies has moreover made affirmation in Pakistan and Iran that they would need to cooperate to secure their money related preferences in the zone. Pakistan and Iran have diverse institutional frameworks in their financial relations.

The Ministerial level Joint Economic Commission (JEC), set up in 1986, held its seventeenth session in Tehran from June 28-29, 2008. The eighteenth session was to be held in Islamabad in December 2009 yet was conceded at the Iranian requesting. The Commerce Secretary level Joint Trade Committee (JTC), in match with the gathering of Commerce Ministers, was held in Tehran from 11-12 May 2009. The gathering discussed the use and augmentation of the Preferential Trade Agreement (PTA), operational since September 01, 2006.\(^{463}\) Hence both nations showed their keen interest in different occasions to develop their domestic and region economic strength. Iran-Pakistan participation on transportation issues extended enormously in August 2009, when the two consented to introduce a global cargo rail line from Islamabad to Istanbul by means of Tehran, A "pilot task" of ECO, Islamabad and

Tehran are looking for outside credit harmonies rail gage contrasts between the two. Notwithstanding advancing its regional character with Iran, Pakistan could facilitate its feeling of regionalism with Iran through, a transnational character, to assist and advance joint economic effort.\textsuperscript{464}

4.13 Trade volume of Pakistan and Iran

The volume of both sides exchange keeps on advancing and has surprisingly contacted US $ one billion per annum. Pakistan's fares US $ 333.119 million and imports US $ 628.326 million, July 2008-March 2009.\textsuperscript{465} Be that as it may, the equalization of exchange US$ 295.2 million stays to support Iran because of substantial import of oil on surrendered portion. The trade volume remains disappointingly low and no certifiable parameters are set to right this need.

Pakistan's passages consolidate rice, natural items and vegetables, cotton texture (woven), chemicals et cetera while genuine imports from Iran are oil things, metals, mixture materials, iron and steel, equipment etc.\textsuperscript{466} Pakistan was going to sign four major bilateral agreements with Iran. Existing PTA Preferential Trade Agreement was need some extra protocol for this purpose. PTA was finalized between both countries in March 2004. PM Shoukat Aziz was going to pay his first visit to Iran since he became PM 2004. Electricity crises in Pakistan, was one of the major issues the part of PM agenda to discuss with Iranian leadership. As Iran was already providing cheap cost electricity to Pakistan, especially for the Baluchistan province. Furthermore Pakistan was intending to purchase more electricity for its border areas especially for Gawader from Iran.\textsuperscript{467} One of the major agreement was


Joint Investment Company to enhance private investment in imports and exports measures. The export of wheat, rice, fruits, and further formations of roads communication for bilateral trade, anti narcotics, and bus service specifically was major step which both countries were going to discuss.\footnote{\textit{Ibid.}}

\subsection*{4.14 Cross border Trade with Iran}

Setting up of a Pak-Iran Common Border Market is under component pondered the collaboration of the two nations. On the suggestions of Baluchistan, the reciprocal collaboration has perceived four spots for setting up the proposed markets at the fringe. The aim behind establishment of an ordinary edge business division is to offer items at concessional rate of conventions commitment and diverse charges for controlling creating cross periphery unlawful trade amongst Pakistan and Iran. Really, a recommendation for setting up normal edge advertises with Pakistan was moved by Iran looking into it of other such markets formally existing on the edges of Turkey-Iran, Turkmenistan-Iran and Azerbaijan-Iran. Since Pakistan did not have the experience of working such markets in advance, a course of action including administrators from Baluchistan and other concerned affiliations and business Counselor of Pakistan at Tehran had gone by Iran in such way.

After the visit, Pakistan errand was in synchronization with the thought for setting up the fringe markets. There was a consensual legitimization for setting up the business divisions that would advance true blue cash related movement in the outskirts regions with a perspective to give monetary motivations to the comprehensive group in these remote zones on the two sides of the edge. The all inclusive community living over the edge on both sides have little presentation to urban workplaces especially, the informational office. Commonly the dealers avoid in procedural responsibilities driving towards creating easygoing economy around there. Being a completely dry locale with respect to climate there is no comprehension of agribusiness in these districts and the all inclusive community needs to depend on upon storm waters.

Undoubtedly, even with hardships in perspective of non-accessibility of satisfactory drinking water, the general population is phenomenal which in like way
weaken change of industrialization in those scopes. It is run of the mill that setting up of steady outskirts business section will wipe out pirating, it will give work openings, reinforce social and political linkages between the comprehensive group of the two sides having fundamental customs other than help impelling pretty much nothing and medium size undertaking in the so far neglected spans.

The overseeing assemblage of Baluchistan completely concurred with working up to stop feature exchanging and has purportedly seen zone furthermore where the proposed business division would be more commonsense and simple to regulate. A green sign has also been given by the Ministry of Food and Agriculture, Ministry of Industries and Production, and the Central Board of Revenue (CBR) for the thought for improvement of the outskirts advertise. In any case, the Ministry of Petroleum and Natural Resources has reservations concerning anticipated that wage disaster due would import of oil things also raised dread on the import of low quality CNG barrels. It might be raised that these things are sufficiently spouting into Pakistan, particularly, in the domain of Baluchistan, and, are being sold at significantly less exorbitant rate when emerged from the costs in the rest of the parts of the nation.

Also, the CNG packs are the plentifully scanned for in the wake of thing in the urban extents of Pakistan nowadays as a broad fragment of the vehicle proprietors are changing over from oil to CNG framework which should fiscally savvy when emerged from nonsensical oil utilization. The proposed business division is to be set up with a typical cost of Rs105.405 million on exploratory introduction basically to check developing case of illicit exchanging and to give occupation chances to the territory individuals living near to the edge. Remembering the final objective to demonstrate certain things to be considered trade typical edge showcase, a trade task may visit Zahidan to focus on the customary markets and get the immediate information of the domain and its issues that may build up at the same time. The creating money related development here would be certainly reinforced by the late agreements amongst Pakistan and Iran through which people of the Makran locale in Baluchistan have gotten an additional influence from Iran through a 132kv system. Power is being transported in from Jakipur cross section of Iran is right now accomplishing Mand, Tumb, Turbot, Hoshab, Panjgur, and Pasni and Gwadar town of Baluchistan. The import of electricity from Iran will support more people of border areas.
4.15 Economic Agreements between Pakistan and Iran

On fourth March 2004, Pakistan and Iran assented to a Preferential Trade Arrangement (PTA) at Islamabad. As indicated by the PTA, both countries agreed to reduce custom duties on various Pakistani and Iranian things. It was chosen by that on 647 tradable things where Pakistan will give diminishes custom duties and will give concession on 338 things to Iran. Correspondingly, Tehran will likewise give concession and lessen custom duties on 309 things to Islamabad. Both nations were inspired to change over the PTA into Free Trade Agreement (FTA) later. The significant goal of FTA is to fortify monetary and political relations between the two countries and to propel a more secure environment for sensible advancement of trade and develop shared trade by researching new zones of coordinated effort between the two countries.

4.16 Pakistani Baluchistan and Seistan-Baluchistan as Twin Provinces

The organization of the two countries moreover centered around the prerequisite for closer social collaborations between the all inclusive communities of these two provinces Baluchistan on each side of both countries. On November 22, 2004, a significant comprehension was set apart in Quetta, on the occasion of the visit of Engineer Hussain Amini, the Governor of Seistan-Baluchistan, and Owis Ghani, the Governor of Pakistani Baluchistan, by which they decided Seistan-Baluchistan and Pakistani Baluchistan as twin domains. Pakistan, Governor Owis Ghani said, “the declaration of two Baluchistan as twin cities will further improve the trade, economic and cultural ties between the two countries”.471

In the meantime, furthermore support the improvement of business, trade and coordinated effort in the different fields especially these between twin regions. In answer Hussain Amini, the Governor of Seistan said ““we will not allow the criminal elements to use Iranian land for any activity against Pakistan and expect same from

470 Ibid.
471 Ibid.
it”.\textsuperscript{472} As demonstrated by the understanding; both the sides concentrated on the prerequisite for close correspondence and the exchanging of scholars and understudies between the two zones. The areas of Seistan will give methodology and pros to the modernization of watering framework system in the region of Pakistani Baluchistan.

There are various areas in Baluchistan which are famous for illicit activities. Especially Dalbandin districts areas and Noshki another area is notorious in this way. Mastung the area where terrorists hides, also smuggling including human trafficking and drugs smuggling has seen in these areas. Thus both countries should coordinate with each other the overcome these issues ultimately for the sake of economic development in both sides.\textsuperscript{473} Both the locales will venture for the demolition of unlawful trade and drug trafficking. The cooperation of the two countries would give most compelling workplaces and coordinated effort to travelers and visitors of over the edge. The visa policies for traveler would be easygoing. A suggestion for setting Quetta-Zahidan chamber of commerce was also made. Basically both countries are intending to develop their economic strength through trading measures like Quetta-Zahidan chamber of commerce and also through other proposed projects. The Iranian official also agreed and ensured their participation in the eminent Sibi Mela.\textsuperscript{474} Both the locales will venture in the headway of trade and business. The budgetary open deliberation between the two zones would be settled by the joint investment of regions themselves. The unlawful convergence of edge will be cripple and discarded and security measures will be provided to the visitors.\textsuperscript{475}

Remembering the major objective to assist each other to enhance their economic cooperation and two sides’ trade, both Iran and Pakistan have declared two of their Baluchistan territories as ‘Twin Provinces’. Legislative head of Iran's Sistan-Baluchistan domain, Hussein Amini and Governor of Baluchistan territory of Pakistan, Owais Ghani they both consented to an agreement along these lines and

\textsuperscript{472} Ibid.


\textsuperscript{474} Afzal Malik, “Pak-Iran Ink Twining of Balochistan with Seistan,” \textit{Balochistan Times} (November 23, 2004).

\textsuperscript{475} Ibid.
announced both sides Baluchistan territories as "Twin Provinces". Consequently the developments like above further created scope for Pak-Iran political and particularly economic relations. It reflects as indicated by the agreement of "Twin Provinces" that both Iran and Pakistan have attempted to join through local exchange and respective solidarity. Moreover, both countries have endeavored to address their security concerns more, trade related issues through mix of the two ranges. The affirmation of the 'twin provinces' would have broad political and social repercussions. The changing regional and overall environment would have unquestionable and unequivocal impact on Iran and Pakistan. Subsequently, both nations were planning to be more joined against outside interests in the regional developments.

Both countries have shown their keen interest to arrange and develop economic sector development. They agree that trust and coordinated effort should be at a level that it is really recognized as tending to the national security stresses of both Iran and Pakistan concealing their mutual concerns related to economic strength, political objectives, military obstruction, regional trustworthiness and overall stature. While economy is a significant instrument in affecting and strengthening ties between Iran-Pakistan.

All through history at whatever point Pakistan's security has been obscured, Iran has widened its hands finding in Pakistan's security its own specific security. Amid visit of PM Jamali, Commerce Minister Humayun Akhtar Khanmet with his Iranian counterpart to settle the facilitated commerce agreement. Insights in regards to items for common exchange and populace living close both sides of Pak-Iran fringe were talked about to reach at definite choice of outskirt exchange understanding. Iranian FM Kamal Kharazi went to Pakistan on 27 December 2004, proposed IPI, bilateral trade, and economic matters were additionally the part of dialog agenda in

478 Mustafa Kamal, “Pakistan and Iran to discuss free trade agreement” Dailytimes 21 Oct 2003.
meeting of Kamal Kharzai with President Musharaf, PM Shoukat Aziz, and FM Khurshid Qasoori. There are wide open doors for both Pakistan and Iran to upgrade their two-sided economic ties. There exist a overwhelming potential in the financial zone of Pak-Iran relations. Both nations can assist to generate numerous open doors with new thoughts to build up their economic development. Both countries can get enormous point of preference by extending their particular exchange.

4.17 Major obstacles in the way of Pak-Iran economic ties

Pakistan and Iran is confronting numerous obstacles in terms of economic relations. Subsequently, both states have not been able to enhance the degree of their common exchange due to these obstacles. Tehsin argued, bilateral exchange amongst Pakistan and Iran is lemmatized up to energy exchange.479 There is a little progress happening in energy sector in context of economic development of both sides. Further less improvement has been found in energy part also because of US forced sanctions on Iran. The absence of trading other than energy fields has realized the economic emergencies of both countries. Pakistan is confronting longstanding issue of less energy resources and its unending issue of electricity crises. Henceforth Pakistan is searching for better arrangement of these emergencies from Iran. Iran has the second greatest supplies of common gas and it has similarly the fourth greatest oil reserves in the world.480 IPI gas pipeline project in connection of economic ties amongst Pakistan and Iran will be talked about in the next chapter with details.

4.18 Iranian Economic Policies and impact on Pakistan

There are some obstacles in the way of Pak-Iran economic relations which are caused by Iranian strict policies. Iranian strict policies are one of the major hurdles which are not allowing Pak-Iran economic ties smoothly. The focal things of trade are material, cultivating or farming things, natural items organic products major Kinno


and Mangoes, furthermore metal related items. Both countries can increase their trade volume through these items hence their economics relations can be develop.481

Pakistan was the principal real country to begin importing iron metal from Iran a few years prior. Iran has ensured Pakistan that it would regard its governmental responsibilities to supply iron mineral and would give specific help of experts in the examination, augmentation, and modernization of steel plants at Pakistan Steel Mill, Karachi. Iran has moreover shown unmistakable interest to make enthusiasm for various money related, mechanical, and mining fragments in Pakistan. Pakistan was at that point sending out its corps like rice and wheat to Iran yet shockingly Iran forced confinements on Pakistani rice and wheat by saying that these products passed on ailment in 1996. Since 1996 Pakistan has been ceased while sending out these items to Iran.482 An important imperative visit of Iran by PM Zafarullah Jamali in October 2003 enhanced Pakistan Iran relations. Jamali went to Iran alongside his cabinet members to trade archives with the expectation of complimentary exchange concurrence with Iran.

Pakistan’s Minister of Commerce Humayun Akhtar and Petroleum Minister Naurez Shakoor (Late) were with PM Jamli to talk about local, respective, and global issues identifying with political and financial advancement. Organized commerce activities, fringe exchange, asking Iran to lifting the confinements on natural products, wheat, rice and different harvests, likewise to stop smuggling from Taftan outskirt were the real issues of this time visit of PM.483 During visit of PM Mir Zafarullah Jamali of Tehran in October 2003, he raised the issue of limitations on Pakistani products from Iran.484 He had requested that Iran lift these limitations on Pakistani

484 Ibid.
products rice, wheat, and some distinctive things. As these restrictions are causing less trading between Pakistan and Iran. Especially Pakistan was more affected by Iranian restriction on Pakistan export items such as wheat and rice especially.

4.19 Iran sanctions over Pakistani products

There are some genuine and real obstacles for Pakistan to upgrade its economic ties with Iran. There is an issue of high rate of import duties from Iran which is one of the major obstacles in the way of Pak-Iran economic ties.\footnote{Muhammad Sharif, Umar Farooq, & Arshed Bashir, “Illegal Trade Of Pakistan With Afghanistan And Iran Through Balochistan: Size, Balance And Loss To The Public Exchequer.,” \textit{Int. J. Agri. Biol} (2000), 2(3), pp. 199-203.} Subsequently Pakistan is requesting from Iran to decrease these custom duties so that to expand its trade volume. High import duties 70% to 100% on materials like garments are forced by Iran. Further import duties from 40 to 60% on surgical items are additionally forced.

Thus, not just the UN and Western sanctions are obstacles in the way of Pak-Iran economic relations but also Iranian economic strict policies are also obstacles in this way. Additionally Iran has forced banned on Pakistani different product items like Kinnow (a kind of orange), and Mango, which is making hurdle in the method for economic improvement of both sides. Pakistan likewise brought up some issue marks with respect to business confirmation certificate expenses and other formalities for it. Therefore import and export sector influenced which diminished exchange volume. Transportation of goods is additionally one of the significant impediments in Pak-Iran economic development. These items are basically creating hope for the enhancement of bilateral economic development. But unfortunately there are some issue linked with these items especially the issue of high import duties. Hence for diminishment of import duties and non-charge limits could only control it.\footnote{Manzoor Ahmad, Zahir Shah, and Jehangir Khan, “Pakistan-Iran Relationship in the Context of Regional and International Challenges (2001-2013),” \textit{International Journal of Academic Research in Business and Social Sciences} 4, No. 4 (2014), pp. 404-419.} Consequently Pak-Iran economic sector can be developed.
4.20 Non Tariff barriers

There are additionally some non tariff barriers which are influencing Pak-Iran economic ties. Therefore, exchange volume between both sides is not expanding due to tariff and non tariff barriers. Iranian visa policies are strict hence business men from Pakistan are facing hurdles. Iranian authorities demand some medical endorsements from their ensured labs. And these labs manipulate the applicants of visa. These sorts of limitations are getting to be essential obstacles in the method for respective economic improvement.

As business group are facing troublesome from these Iranian demands from visa applicants, they consider these Iranian formalities as wastage of time. Hence these formalities became the hurdle while affecting business activity with Iran for Pakistani business community. Confined visa arrangement ought to be evaluated to improve respective exchange. If a business man will have to face many barriers to get visa how he/she will be encouraged to invest in Iran. Thus there is need to review strict visa policies especially to scrutiny the labs which provide medical certificates for visa process. Further business and trade activities between the two countries are coordinated through the Asian Clearing Union (ACU). The ACU trades take extra time than regular L/Cs. Iran's nuclear issue has made opening of L/Cs troublesome.

It is fact that when business groups are facing experience of such challenges while exchanging with Iran it become another hurdle in the way of both countries. They feel reluctant to carry on their transaction with Iran, as they are not ready to take risk of huge loss. Thus, it is influencing economic advancement of both neighbors. UN, EU, and US have forced sanctions on Iran, these sanctions has forced on Iran's banks too. The sanctions are forced on some famous banks of Iran. Milli, Mellat, Sepah and Sedarat are the well known Iranian banks on those UN have forced

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sanctions. Thus there is no managing an account framework in between Pak and Iran to complete their business exchanges, which likewise diminishing economic development of Pakistan especially. Absence of keeping money framework for two-sided exchange is bringing on less economic improvement in both nations.

4.21 Pak-Iran economic limitations

Pak-Iran economic relations were severely influenced because of US and UN sanctions were forced on Iran. Pakistan was proposing to export its products to Iran for advancements of economic development. Yet, shockingly Pakistan was not able to do so as such with Iran because of UN sanctions. Iranian significant items which produce more income for Iran particularly Oil is under control of the state. So it was troublesome for both nations Pakistan and Iran to begin exchange either imports or exports because of the UN sanctions on one side while on another side Iranian state control approaches are also one of the major barriers in Pak-Iran economic ties. As of late Iranian GDP expanded because of improvement in its services area as compared to commodities. Mining, farming advancement alongside assembling industry of Iran created which expanded its financial improvement.

Furthermore, Pakistani business community was especially proposing to begin exchanging of these items with Iran. In any case, unfortunately Iranian strategies are prohibitive as Iran needs to build up its indigenous textile and furniture commercial ventures. There are a few items banned by Iran while importing and a few items having high tax rate. Subsequently Pak-Iran economic association was not demonstrating a positive motion because of high tariff rates and restriction on a few items. Pakistan business groups were intending to use these items while sending out to Iran however real obstructions were seen from Iran. Subsequently, not just UN


490 Massoud Karshenas, Oil, state and industrialization in Iran (CUP Archive, 1990), p. 44.

sanctions influenced Pak-Iran monetary ties additionally restricted economic policies of Iran likewise were the reason of annoying Pak-Iran economic ties.

Iran banned Pakistani rice and wheat in light of the fact that there was disease analyzed in these items in 1996. Be that as it may, now Pakistan demanded Iran with tolerating the state of research facility test of the wheat and rice, to import it from Pakistan. Since 1996 Pakistan was not able to export wheat and rice to Iran. Subsequently for it was influencing Pakistan’s economy. So Pakistan requested from Iran to lift banned from its items like wheat and rice. Additionally a few Pakistani natural products were banned by Iran like Kinno (Orange) and mango. So Pakistan additionally asked for Iran to lift banned from Pakistani said natural products. Hence for restricted Iranian economic policies along with the UN and US imposed sanctions over Iran, were the deteriorating factors in between Pak-Iran economic relations.

4.22 Pak-Iran Border Barrier

Unlawful trade or smuggling over the border areas in Baluchistan region is a common matter that hampered the mutual correspondence coordinated effort between the two nations. So smuggling is also harshly affecting the trade volume between Pakistan and Iran. There are also some evidences that government officers are also involved in such mafia which is promoting smuggling, unlawful trading and other illicit activities like human trafficking etc.

Pakistan has its border link with Iran on its south western sides. Unlawful trade of products and huge volume of smuggling is a general phenomenon in border areas of Pakistan and Iran. The large scale of illegal trade across over Pak-Iran border areas is affecting not only the domestic progress but also the mutual economic development of both sides. Material items are additionally smuggled from Pakistan to Iran so that to move these products in Turkey or Dubai. Unlawful ways are utilized


493 Ibid.

while exchanging these material things. Panjgur and Turbot border areas are used unlawfully for exchanging of these items from Pakistan to Iran.\textsuperscript{495} According to Customs sources, the private business trucks on the course are made with unprecedented fuel tanks with utmost of around 500 liters. The conveying of petrol is a wellspring of collaboration of smugglers from border areas. People living in the areas of Baluchistan, particularly locales depend upon petrol smuggling as this wellspring business for them.\textsuperscript{496} There should be affecting policies to control such illicit trade. Both countries should take measures to control smuggling for their own economic interests.

Unlawful exchanging is likewise influencing the economic advancement of both sides. Distinctive organizations of Iran buys products from Dubai and they conveyed these merchandise to Free Trade Zones of Iran, in FTZ they got away themselves from customary import duty which expanded the proportion of transportation in Iran. They brought these products on individual premise through things.\textsuperscript{497} Thus exchange volume of Pakistan and Iran is not expanding as these organizations bought these items from Dubai and brought them to Iran FTZ. Consequently two sided exchanging not expanding while smuggling and illegal trading is expanding step by step. Smuggling is creating less advancement in Iranian economic strength. Subsequently, suitcase trading (smuggling) is advancing step by step which is debilitating Iranian economic aspects. For suitcase trading which is illicit diverse, individuals are employed by the dealers; they pay them huge money for pay to get more illegal profit through smuggling. Some measure were taken in past by the both governments to stop suitcase trading. Still there is needed to take some solid measures against suitcase trading.

Smuggling is a fundamental and significant obstacle in the way of Pak-Iran economic relations. There are numerous things which smuggled from Pakistan to Iran through illegal means. Major items like Sports products, materials, textile products,

\textsuperscript{495} Ibid
surgical apparatuses and other distinctive things, even animals and different food items are also smuggled from Pakistan to Iran.  

Further many things are smuggled from Iran to Pakistan also. The major things which are smuggled from Iran to Pakistan are Oil and petroleum items. Other distinctive things include chemicals; and tiles are likewise sent illegally from Iran to Pakistan. Because of expansion in smuggling both nations are generating less revenue which is influencing their indigenous as well as two-sided economic advancement. Smuggling from Iran to Baluchistan is basically making challenges for economic authorities of Pakistan. Smuggling of various items including oil via Taftan outskirt to Pakistan is contemporary a major issue for Pakistan economy. So that the official from Pakistan examined smuggling issues with Iranian administration and requested from Iran to take some drastic steps to control and stop this kind of unlawful exchange which brutally influencing Pakistan's economy. Authorities from Pakistan are aiming to upgrade border trading to overcome the smuggling issue.

4.23 Human Trafficking

Another issue is much important to discuss that is human trafficking across Pak-Iran border. The issue of unlawful border crossing by Pakistanis has been seen too enter Iran while violating Pak-Iran border. Different human trafficking agents are working to send Pakistanis to Europe for monitory objectives. These agents send the people to Iran first so that they could reach to Europe via Turkey. These agents are also involved in some others illicit trading likes Iranian oil smuggling, drugs smuggling etc. It is generally unlawful in which a chain of mafia, government powers, and adjacent notables are incorporated. Even in 2015 a police officer from Baluchistan was involved and he was captured along with his subordinates by

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498 The Nation, August 14, 2008.


500 Ibid.


Baluchistan government. Racketeer use neglected tracks in Eastern Iran along the Pakistan-Iran border. It has transformed into a critical exacerbation for both governments, and makes tangles for two-sided relations. The petrol is sold all over Baluchistan, right from inside the Pakistan periphery to drop down to Punjab and Sindh provinces as well. The genuine course of bringing is from Iran through different sources from border areas and Quetta-Taftan road. There are assorted methods for smuggling to carry on the illegal trading. It is passed on in oil tankers by the private and business vehicles in compartments and trucks with immense tanks tucked underneath.

4.24 Competition between Pakistan and Iran to get access to CAS

Iran considered the significant importance of CARs. Iran has starting close ties with CARs in terms of political and economic development. Iran is presently trying for couple of arrangements with Tajikistan including the Anzob tunnel, and constructed a framework over the Amu Darya that associates Chabahar with Khojent route.\textsuperscript{503} Pakistan is also intending to contact CARs in terms of economic relations. Henceforth in this connection Pakistan is working on Gwader Port in Baluchistan with the dynamic Chinese help.\textsuperscript{504} Pakistan will provide many opportunities through Gwadar port to landlocked CARs. Gwadar can be a potential trade route for the CARs.\textsuperscript{505} This trade route can pass on a significant measure of economic development to Pakistan and also to CARs. So far the newly build states are depending more upon Pakistan for trade and business purposes.\textsuperscript{506} This port would have of great economic potential for Pakistan.

\textsuperscript{503} Christian Bleuer, “Central Asia’s Seaport: Gwadar or Chabahar,” \textit{Dawn} (November 12, 2005)
\textsuperscript{504} Faheemullah Shaikh, Qiang Ji, And Ying Fan, “Prospects Of Pakistan–China Energy And Economic Corridor,” \textit{Renewable And Sustainable Energy Reviews} 59 (2016), pp. 253-263.
\textsuperscript{505} Ibid.
\textsuperscript{506} Ibid.
It is arranged around 250 miles from the Straits of Hormuz through which some place in the scope of 40 percent of the world's oil supplies Region. Second, the fundamental domain of the port influences it as an essential typical movement to center point, giving the landlocked Central Asian republics, Afghanistan, and the Chinese Xingjian locale a path to the Arabian Sea. Third it will diminish the separation of 500 km among Pakistan and Central Asia. Besides, more essentially, it will energize the trading of Central Asia's unending imperativeness resources for world markets through Pakistan with important advantages.

Pakistan considered Indian role in Chabahar seaport against her interest. If we consider that Iran is working on Chahbahar for her domestic national interests but India participation in the Chahbahar is basically her enmity against Pakistan. As Pakistan have longstanding conflicts with India. Further India would have access to Afghanistan by method for the Indian Ocean through Chahbahar port. Hence Pakistan is of opinion that Indian influence in Afghanistan is against Pakistan’s strategic interests. India, Iran and Afghanistan have agreed to a course of action to send Indian items for Central Asia and Afghanistan, through Chahbahar seaport. India is completely against the Gawader seaport. For the Indians, this is an imminent danger. As Indians are of the view that Gwadar port is against their interests being so near the Straits of Hormuz in like way has negative outcomes for India's business excitement as it would empower Pakistan to rehearse control over whole noteworthiness courses. It is accepted that Gwadar will give Beijing an office to

508 Ibid.
512 Foreign Policy News, 31 Jan 2016
screen Indian ocean improvement in the Persian Gulf and Arabian Sea, autonomously, and what's all the more any future sea enthusiasm among India and Iran.\(^{513}\) Also, Iranian authorities are of conclusion that Gwadar would be utilized by the United States as a base to screen rehearses inside Iran.\(^{514}\)

India in like manner helped Iran to create railways and its related infrastructure framework. India is intending to make close ties with Iran so that to not only get access towards CARs but also to affect the influence of Gawader towards CARs. New Delhi has endeavored significant part in the headway of Iranian port workplaces close by the advancement of roads and railways.\(^{515}\) Indian specialists have contributed gigantically towards the up degree and movement of the Iranian port of Chahbahar. In addition, India is making Chahbahar and is laying railroad tracks to interface it to Zaranj in Afghanistan, articulating this would be a business port.\(^{516}\) Besides, it has manufactured the 218 km long Zaranj-Delaram\(^{517}\) expressway that now crossing point Afghanistan to the Iranian port of Chahbahar. It is a noteworthy part of the Afghan road that partners Herat and Kabul by method for Mazar-e-Sharif in the north and Kandhar in the south along these lines giving less difficult access to Afghanistan and maybe fundamentally further, to Central Asia by method for Iran.\(^{518}\)

There is additionally another undertaking that consolidates interfacing ChahBahar port to the Iranian rail create that is in like way all around associated with Central Asia and Europe. Islamabad-Tehran's clashing purposes of enthusiasm over Afghanistan have acknowledged a basic part in the course of action of their Indo-

\(^{513}\) Ibid.


\(^{515}\) Ibid.


Iranian Nexus. Also, India's endeavor to manufacture roads partner Afghanistan and Central Asia and Iranian ports as a reaction to China's working up of a noteworthy seaport in Gwadar as a passage to general markets for Central Asian assets.

4.25 Creating Competition amongst Gwader and Chabahar seaports

There is conflict in between the policy makers of both sides that which port will be more appropriate and beneficial for the transportation of goods, oil and gas reserves for trading activities. Both countries have different view that which port would be proper to use for exchanging of oil and gas holds in various nations of the world. Iran is of opinion that Chahbahar and Bander Abbas seaports are appropriate, in spite of Iran, Pakistan considered Karachi dry port and Gawader seaports are infect appropriate for transmission of oil and gas in world especially in CAS. Hence forth both states are struggling to upgrade their sea ports. Basic conflict is competition between Iranian Chahbahar with Indian coordination and Pakistani seaport Gawader with China’s coordination.

The increasing competition amongst Gwader and the Iranian Port of Chabahar so that to influence in Central Asia in terms of economic development. This competition became another variable which inimically affected the relations between the two countries. Chabahar is the Indian financed Port which is basically India intending to reduce Gawadar’s significance. It is the part of the Indian plan to make transportation system in eastern Iran remembering the final objective to decrease the

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522 Ibid.
significant importance of Pakistani seaport Gwader. India is intending to be close with Iran in context of Chahbahar. Hence India intending to get access towards Central Asian countries through avenues and an arrangement of railroad structure to avoid Pakistan, and to diminish the dependence of Central Asian countries on the port of Gwader.

4.26 Pak-Iran Banking System as an obstacle

Because of US sanctions, Iranian banking sector was also affected along with ban on other economic activities. Hence Iran was unable to conduct its banking transactions with many countries including Pakistan. Infect, less economic activities from both sides Pakistan and Iran was also noteworthy because of another issue i.e. less banking transactions. There is no proper banking system directly in between Pakistan and Iran which is discouraging the business community of each side to invest.

Absence of banking transactions is one of the real obstacles in Pak-Iran economic ties. Credit letter issued by the banks of Iran are not acceptable in Pakistani banks, on the grounds that UN and US has effectively forced sanctions on Iranian banks. Because of these sanctions there are numerous limitations on Iranian banks. Henceforth, credit or money exchanges for improvement of business with Iran are much hazardous. Other than banking system, choices for exchanges of money are Havala and Cash System which are basically risky. Havala is not such a system for legal monetary transactions which is some type of Hundi. As for as it’s legal us businessmen utilized it as a casual worth for exchange framework. Many risks of non payments are expanding through Havala or Cash System which is uncomforting business community.


526 Ibid.
Thus, business group fear from these sorts of exchanges. What's more, they generally contend for upgrade of managing banking framework to carry on their business. So Pakistan exports are badly affecting while exchanging with Iran because lack of banking system. On the other side Iranian business men, imports products from India and Pakistan by means of Dubai.\textsuperscript{527} They have their portfolios in Dubai. Thus, they encourage send out these products to other Iranian firms.\textsuperscript{528} Therefore they bear less rate of import duty.

\textbf{4.27 \hspace{1em} Iranian policies}

Economic policies of Iran are under control of government which is more restricted. Hence state owned policies are strict which are affecting Pakistan’s trading with Iran. Further, Iranian government has forced high rate of import duties on numerous products. As indicated by TDAP report Iranian government has forced up to 150 percent import duties on various things.\textsuperscript{529} Thus, Pakistani items are not expanding as far as exports because of high import duties. Further PTA is additionally not helping Pakistan for its exports to Iran, as indicated by PTA there are 647 things given concession from Iranian government in context of import duties. Pakistan is getting concession on 309 things while Iran is getting concession on 338 things. Henceforth Iran is getting more advantages from PTA when contrasted with Pakistan. Hence PTA is more helpful for Iran as compared to Pakistan. Thus there is need that concessions must be provided to Pakistan on equal basis with Iran. State owned policies in terms of Pak-Iran relations should be reviewed and concession should be

\textsuperscript{529} Trade Development Authority of Pakistan (TDAP), Brief Report on Iran, http://www.tdap.gov.pk/doc_reports/TDAP\%20REPORT\%20ON\%20IRAN.pdf (accessed November 22, 2014)
provided to Pakistan accordingly. Then both countries can develop their economic relations.

Business community of Pakistan is unhappy with Iran as business community is not properly entertained from Iranian government. As there are some troublesome systems for businessmen to maintain their business. Hence Business community feels irritation to invest in such discouraging scenario. Strict legal formalities to run a business with Iran are the reasons that business groups are not satisfied by the Iranian government. Infect, a troublesome framework has acquainted by the Iranian government to become a registered businessman, this framework is called "Sabt e Safaresh".\textsuperscript{530} Sabt e Safarish is essential procedure for the business community which is pathetic and a lengthy procedure. Thus business community feel irritation to get registered consequently economic relations is affecting.

Sabt e Safrish is essential for examination by the Iranian authorities. Besides the necessities of the complete form of Sabt e Safarish takes 25 to 37 days which is lengthier when contrasted with the arrangement of different other countries regarding mechanism or prerequisites.\textsuperscript{531} Further Iranian Ministry of trade issued a license only for six months. Besides another requirement named NOC is likewise required from various other Iranian ministries.\textsuperscript{532} Assume a business man need to begin business of Meat items or horticultural items, and then he has to get NOC from the specific ministry relevant to his business.\textsuperscript{533} Likewise there is no surety of regularity of Sabt e Safarish or NOC, six months length is less time and at whatever point Iranian government expects to wipe out or to stop new NOC. Hence these are the reasons that Pak-Iran economic ties are not developing. As Pak-Iran economic ties are confronting numerous boundaries, UN or US sanctions as well as Iranian strict policies too.

Further Iranian economic policies are not stable. They change their financial policies unexpectedly.\textsuperscript{534} Further official framework to update regarding new policies

\textsuperscript{530}Business Recorder, 22 November, 2012
\textsuperscript{531} Ibid.
\textsuperscript{532} Ibid.
\textsuperscript{534} Ibid.
with respect to changes is additionally weak. Pakistani business community feels reluctant to start trading with Iran because of unexpected economic policies and lack of updates in context of policy dynamics of Iran. Likewise, the Iranian business visa methodology is also troublesome.\textsuperscript{535} Further if someone needs any type of visa including business visa, he/she must have to submit a medical certificate from Iranian certifies specific laboratories. These are the significant obstacles for Pak-Iran economic ties. Thus business community pays there less interest while initiating their import or exports with Iran.

4.28 Conclusion

Pak-Iran reliable, traditional, religious, cultural affinities have longstanding history however unfortunately volume of trade is not expanding. Historical linkages and affiliations of both countries are exemplary but unfortunately trade volume in between both nations is less as compared to their trade volume with other countries. This situation is alarming because both countries have many opportunities to transfer different products from each other side through Baluchistan region via Quetta-Taftan road, by air and through ships as well. Henceforth, infect this is downside of Pak-Iran economic relations. In reasonable premise of relationship exchange volume between both sides will demonstrate the genuine closeness. Both nations are neighbors yet exchange volume is not expanding. This ought to be engaged as an issue. Both sides demonstrated their unmistakable fascination to expand exchange volume. Active role of JEC is needed to increase the trade volume.

Both countries should take significant measures to increase trade volume which can develop economy of both nations. Bilateral talks and transactions can assume critical part for the viable collaboration. These discussions ought to be on authority levels as well as private designations ought to be urged to expand trade volume and respective trading. Legitimate strategies ought to be decided to defeat the issue of transportation which is bringing on less income for both sides. Improvement of economic ties would ensure political and geostrategic relations too. Significant importance of Baluchistan region has a chief centrality concerning point between Pak-Iran relations. Because, the only province of Pakistan which has direct link to Iran can be a great option for mutual trading. Baluchistan province has forefront and driving

\textsuperscript{535} Ibid.
influence in Pak-Iran economic and social coordination. Joining of common markets through undertaking structure wanders including arrangement of roads and railways would support trade inside the region and cross edge. Both countries should concentrate for the formation of railway tracks in both sides of Baluchistan area so that to get linked for transportation of goods on each side. Also there is need to develop the road in border area which can also enhance their economic situations.

In the terms of social joint endeavors and individuals to individuals contacts both the nations have accomplished an expansive progress. In International relations, political, social and financial relations pick the nature and regulation of social and social affiliations. The relations among Pakistan and Iran in these fields are, as a general rule, the impression of political and social relationship which existed between the comprehensive group of the two nations, and this is an aftereffect of the enrichment of the territory of Baluchistan. Both sides of Baluch people cross the border to celebrate religions days and to care take their relatives. The consistent qualities i.e. the homogeneous society and tradition of the all inclusive community of these two provinces will in like manner look at the method for the significance of people to people relations amongst Pakistan and Iran. It is by virtue of, of their essential certainty, shared interest and normal cause that not simply enliven the commitments of amity between the two countries.

The proposed projects will in like manner go far in progressing economic joint effort amongst Pakistan and Iran. This will give financial related energy to this base made area Baluchistan and offer occupation to the Bloch youth where such open doors are exceptional. More significant, refinery will manage the making enthusiasm of brisk diesel. It will also stimulate oil and gas examination inside the Province. All the more fundamentally, the progression of gas pipeline between Iran-Pakistan-India is potentially, the best piece of the new time of good financial related relationship. The proposed gas pipeline undertaking would be sure to Pakistan from the monetary and political perspective. The increasing speed of emergency, the nonappearance of data in regards to each other's advantages, the wrong money related approaches, the nonattendance of extreme edge Market, fringe exchange obstacles, making issues of carrying and medication trafficking over the edge, and other nearby exchange unlawfully are a touch of the difficulties and limitations that basically hampered the relations between these two areas. Additionally, the Iranian reservations against
Pakistan's organization's relationship in the Baluchistan based Jandullah Organization with the dynamic help and facilitated exertion of US, and the making rivalry between the Pakistani Port Gwader and the Iranian Port Chabahar additionally added fuel to flame to sufficiently bothers relations. Hereafter the two nations should start table converses with beat the mistaken assumptions among the two sides of authorities. Pak-Iran economic ties are as old as their political relations are. They had been done many agreements to develop their economic strength. These ties had been confronted numerous up and downs in past. Yet there is need to articulate economic measures to expanded economic advancement for the both countries. Geopolitical factors alongside regional actors have influenced their relations severely.
CHAPTER - 5

IPI GAS PIPELINE PROJECT IN CONTEXT OF PAK-IRAN ECONOMIC TIES

Iran is rich in terms of gas reserves. Natural resources plays important role in the economic development of any country. Iran always remains motivated to export it gas to other countries. Pioneer view was presented by a Pakistani named Malik Aftab Ahmed Khan in 1950s to initiate such a project which can help not only Iran to export her rich resources but also Pakistan and India can also take benefits by importing gas from Iran. Pakistan was expressing her interest to import gas from Iran since 1993. Pak-Iran bilateral talks were started in 1994 to initiate IP project. Pakistan was interested to import gas from Iran as it was easier to import gas from a neighboring country like Iran as compared to other options of importing gas. Similarly Iran was also motivated to export gas towards Pakistan as it was an important option for Iran to increase its economic development. Hence, since 1994, Pakistan and Iran were struggling for IP project.

Both countries joined many sessions of bilateral talks to develop the project and to discuss the different matters for the sake to develop the project in positive gestures. Further India also became part of these talks and joined the project in 1999. In the context of IP project trilateral agreements were also signed between Pakistan, India and Iran in this way. Agreement with Pakistan was signed in 1995 and

later with India in 1999. Hence, Iran, Pakistan and India (IPI) Gas Pipeline was name given to this project in 1999. According to Cohen IPI project was also given the name of “peace pipeline” project.

The said project which was signed between Pakistan and Iran in 1995 and later India was also became stakeholder in the said project in 1999. Unfortunately no development was seen in the IPI project after signing the agreement in 1995 because Pak-Iran relations were not running in positive gestures during 1990s due to Taliban factor as said in chapter 2. Further incident of Mizar e Sharif created more gap between Pakistan and Iran in 1998. As a result Pakistan Iran relations were almost going to an end. But in 1999 Indian inclusion in the IPI project was a green signal for the economic development of all three countries and regional development as well. In 2000, all three nations showed their keen interest in the IPI venture. During 2000, secretary of petroleum of Pakistan went to Iran for the last simultaneousness measures of the IPI project. During this visit Pakistani officials showed their keen interest to further develop the project for the development of Pakistan economic as well as regional economic development.

This project was delayed in post 9/11 scenario. Further US were influencing Pakistan and India to get back from this project. US was intending to isolate Iran to prove her hated statement against Iran “Iran an axis of evil”. Although US was putting pressure on India and Pakistan but Pakistan and India were participating regularly in the meetings regarding the project. All three countries discussed several points including gas price of the IPI project. In this chapter I will focus on the significant importance of IPI project especially for Pak-Iran relations. Further the major

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541 Ibid.


challenges which were hurdle for the project will be also discussed. Pakistan was trying to get rid off from US influence especially for this project. US was motivating Pakistan to join TAPI project which was basically not convenient for Pakistan as compared to IPI project. IP project was basically more convenient option for Pakistan as compared to other options including Qatar Pipeline. In 2015 Iran-US nuclear deal in terms of JCPOA IPI project seems to be functional because of US lifting sanctions from Iran.

5.1 Introduction

As for as the historic background of IP project is concerned first proposal was presented by Ex Deputy Foreign Minister Abbas Maleki in 1989 and the proposed project was given the name of “Asian Gas Pipeline. According to the proposal a gas pipeline was to be constructed to supply gas from Bandar Abbas in Iran through Pakistan to Calcutta in India. Hence in 1989 “Asia Gas Pipeline” was proposed by Abbas Maleki which later discussed between Pakistan, Iran and India in 1990s to execute an agreement regarding IPI project.

Since 1995, Iran, Pakistan-India pipeline, Iran has made significant progress in 2013, as Iran and Pakistan signed a deal in terms of an agreement to keep up the IP project. Russian authorities have also expressed interest for participating in the project. Since 1999 India was a strong stakeholder in the said project but India windrow from the project in 2009due to her nuclear relations with US, and also due US pressure over India against the interests of Iran. India withdrawal from the project by blaming gas prices, transit fees and security issues involved in the way of IP project. Infect India was getting closed with US in terms of Indi-US nuclear deal. China has expressed its interest in the project also. Hence Russia and China are taking

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interest in IPI project which is a great sign for the future of IPI project. China and Russia showing interest in IP project which can improve the significance importance of the said project hence withdrawal of India will no more affect IP project.

Named the "peace pipeline," the Iran, Pakistan and India (IPI) gas pipeline would cross more than 2,775 kilometers (1,724 miles) from Iran's South Pars gas field in the Persian Gulf through the Pakistani city of Khuzdar, with one branch continuing to Karachi and another branch reaching Multan and after that on to India. This pipeline could possibly convey 150 million metric standard cubic meters each day (mmscmd) of gas to Pakistan (60 mmscmd) and India (90 mmscmd) . As per the undertaking 2.8 million cubic feet (mcf) gas will be sent to Pakistan and India by means of South Pars Field Iran.

This pipeline would give Iran a fiscal lifeline and augmentation its utilization and effect in South Asia. US policymakers fight that allowing the IPI pipeline to proceed would engage the Iranian organization to restrict the will of the world forces, make nuclear weapons, and support fear based oppression. Pressure of US endorses over Pakistan and Iran is clear that US isn't concurred on the IP undertaking to influence the financial position of Iran. Subsequently it will likewise influence the financial position of India and Pakistan too. It will be focused on the benefits of the IPI project for both Pakistan and Iran. And also to elaborate that how this project can enhance their economic relations and regional development as well. Pakistan is much interested in IPI although there is much US pressure but it is infect “compulsory” and “necessary” for Pakistan especially energy crises created significance of the project.


At last, Pakistan’s president Asif Ali Zardari and Iran’s president Mahmud Ahmadi Nejad, formally instated the gas pipeline project of about 800 kilometers of pipeline starting from Iran to end up in Pakistan commencing right through the Iranian city of Chahbahar. Since that very moment Iran have had completed the largest part of its section of the pipeline, started off from the South Pars gas field. It was fundamentally an extraordinary sign for Pakistan to gain admittance to gas so that to satisfy the vitality hole or necessities in Pakistan. IPI Gas Pipeline Project has a colossal centrality to shape the financial and political angle of the locale. The total length of the IPI gas pipeline would be 2778 km and its use is assessed to connect with 8 billion US dollars. The pipeline would pump more than 145 million cubic meters (mmsc) gas on daily basis in its underlying stage. The pipeline would draw in excess of 145 million cubic meters (mmsc) gas on regular routine in its hidden stage. The course line of the pipeline would start from Assaluyeh and will achieve India by experiencing the Pakistani city Multan. The venture will give points of interest to every one of the three countries however Pakistan would be generally helpful. The venture can fuse China too since China is moreover welcomed by Iran, is propelled to get profits by the task. Subsequently, huge significance of the undertaking will additionally expanded because of incorporation of China in the venture. Consequently economic development will occur not only in Pakistan and Iran but also in the region.

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550 Mehreen Zahra Malik “IP can start pumping gas to Pakistan in months, says Rowhani,” (2016, March 27).
552 Ibid.
553 Ibid.
5.2 Iran’ strength in terms of oil and gas reserves

Iran is standing at 2nd position in the world in terms of its gas reserves. Pakistan have common border with Iran which is providing economic and political opportunities to Pakistan. Especially Pakistan can import gas from Iran to fulfill her energy deficit. Since, 1994 both countries are interested in IPI project to enhance their bilateral economic ties. Hence, IPI project is much significant for Pakistan to overcome its energy shortfall. Pakistan has also faced foreign pressure in this way but remain loyal with this project to secure its national interest and to enhance ties with Iran.

Iran is honored with second biggest supplies of regular gas in the world. Iran is urgently attempting to offer the energy assets in worldwide market yet with almost no accomplishment because of the US sanctions. In this respect Pakistan and India are additionally extremely quick to upgrade exchange with Iran to import gas and oil. Both Pakistan and India are focusing on the dynamics of US-Iran nuclear negotiations.

5.3 Energy crises in Pakistan and energy options for Pakistan

There is much demand of energy resources in South Asia due to its huge population. Pakistan needs energy resources for its domestics, agricultural and industrial use. Pakistan and Bangladesh are demanding more energy resources to overcome their energy crisis after India. Energy crisis are occurring in South Asia including Pakistan due to huge use of energy resources for economic development and also due to the huge population of the region. Major source of energy for

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557 R. B. Rais, “Not a Pipedream,” The Express Tribune. 5th March (2013)


560 Ibid.
Pakistan is natural gas. Further demand of natural gas is increasing day by day in Pakistan.\textsuperscript{561} Natural gas is helping Pakistan to fulfill its energy demand up to 49 percent.\textsuperscript{562}

IPI Gas Pipeline project is also known as peace pipeline. There are many benefits of this project for all members of the project. Especially for Pakistan, specialists of energy sectors believe that IPI project can be energy lifeline for Pakistan.\textsuperscript{563} Pakistan have also some other options to fulfill its energy demands through importing energy from other countries like Qatar and Tajikistan. But the most appropriate and reasonable option in this way is IPI. Because Pakistan and Iran are neighbors, hence import of gas from Iran is appropriate due to low cost and easy access. Pakistan remained keen interested in the project but IPI project was delaying due to UN sanction on Iran. Later India escaped herself from the project due to US pressure.

IPI project will not only fulfill the energy demands of Pakistan but also Pakistan will get huge revenue from India in terms of transit charges. Pakistan will receive almost 600 million dollars per year from India in terms of transit charged. And Iran will have benefits of this project by utilizing its huge oil and gas reserves while generating huge revenue. According to the agreement if Pakistan gets any other opportunity of low cost gas than Iran will further reduced the cost accordingly.

5.4 Importance for Pakistan

Government of Pakistan is also bearing much cost of electricity subsidies given to public annually through national budget. IPI project will not only help Pakistan to boost its economic development but also it will develop its strategic strength.\textsuperscript{564} Energy shortfall has been increased from last three decades as mentioned


\textsuperscript{562} Ibid.


\textsuperscript{564} Ibid.
above, and demand for energy resources has been increased at the same time. Hence to fulfill this shortage of energy resources Pakistan have some important options to generate energy resources by importing these resources from other countries but the most significant option is IP project. Pak-China friendship is exemplary. Pakistan was also motivated to take help from China to generate energy resources. Pak-China nuclear ties are not new.\(^{565}\) It was decided in the agreement that China will build two extra nuclear reactors at Chashma and working will start in 2005.\(^{566}\) But agreement was not enough to fulfill the energy deficit of Pakistan. China is also helping Pakistan in terms of energy production and coal sectors.

US were influencing Pakistan to remain away from IPI project and provided a package of four billion US dollars to Pakistan to overcome its energy crises.\(^{567}\) But these four billion US dollars assistance was not enough to minimize the gap of energy deficit in Pakistan. US was motivating Pakistan with the help of four billion dollars to generate energy from Pakistani dams like Tarbela and to further builds new small and medium size dams in Pakistan.\(^{568}\)

Iran itself was focusing on the developments of IPI projects so that to show US regarding importance of her oil and gas resources. Hence, Iranian officials also visited Pakistan time to time for the enhancement of the said project. Similarly in June 2010 without including India both countries Pakistan and Iran signed a bilateral agreement regarding IP Project.\(^{569}\) Pakistan finalized this project with Iran on 16th


\(^{566}\) Ibid.


\(^{568}\) Ibid.

March, 2010. An agreement was signed for this project in Ankara to spread pipeline in both sides till 2014. For the final stages of IPI project Asif Ali Zardari President of Pakistan visited Iran in January 2013 and he approved the IP project with Iran. Pakistan was bound to complete its side pipeline till 2014 otherwise according to the agreement Pakistan would pay one million dollars penalty to Iran on daily basis until the pipeline completion.

Latest improvements have encompassed Russian Gazprom on top of the scene. Gazprom come up to frontward all through the essential point in time concurrently political analysts were moved up with the questions with reference to the financial support of the project. Gazprom have articulated interests and last visit of Russian Prime Minister Mr. Fradkov to Pakistan had yielded various mutual collaboration arrangements. Russian high level delegation visited India and provided a positive hope for IPI project as Russian authorities showed their view in terms of providing “partnership” for the success of IPI project. So there are hopes appearing for the completion of the IPI project according to scholars. Iran-US rivalry is decreasing on the basis of expected nuclear deal with the help of P5+1. Consequently it will positively affect the Pak-Iran’s different projects especially the IPI project.

5.5 Challenges In The Way of IPI

There are some obstacles and major challenges in the way of IPI, but both countries are enthusiastic to complete the project. Officials from both sides are active to execute the said project. Official from Iranian petroleum ministry asked Pakistan on 27th May 2013 to complete the pipeline of her side according to pipeline agreement

572 The Nation, 13th March 2013.
573 Ibid.
574 Ibid.
between Pakistan and Iran. As a result Pakistan is completely motivated to complete its task but unfortunately there are some financial issues to select Tadbir an Iranian company to complete her side’s task of spreading pipeline.

In August 2013 foreign minister of Pakistan again express devotion with said project for the national interest of Pakistan while he was doing press conference. Pakistan’s high level official delegation went Iran in December 2013. They met the high officials of Iranian petroleum ministry and state in front of them that Pakistan is intending to focus on the project by passing all types of external pressure regarding this project. Further both sides were motivated to cooperate with each other regarding the development or difficulties in the project. Henceforth they decided to make a specialist team to visit the pipeline time to time so that to complete the whole task quickly.

One of the major hurdles for the IPI project was US sanctions over Iran. Theses sanction also affect Iran in terms of supplying gas to other countries. And also US was influencing to Pakistan and India to remain away from IPI project. But latest development in US-Iran negotiations regarding upcoming nuclear deal between both created an opportunity and hope for the execution of the IPI project. Henceforth major US-Iran rivalry will decrease with the help of expected nuclear

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578 Ibid.
581 Ibid.
deal, which is significant hope for the IPI project.\textsuperscript{582} Iran-US negotiations will decrease their rivalry which will positively promote Pak-Iran relations consequently. As Pak-Iran economic relations were badly affected due to US, UN, and EU sanction over Iran. Pakistan will able to initiate its imports and exports with Iran due to Iran-US nuclear deal. Especially Pakistan will possibly able to import oil resources from Iran as importing oil was stopped in 2010 due to US, UN and EU sanctions over Iran. As there was no advancement on the IP pipeline, Tehran was additionally not able to build up its South Pars field, the wellspring of the gas supply for the undertaking. Be that as it may, now, Iran will have the capacity to build up the field. Further, the expected deal between Iran and the world forces (P5+1) would restore certainty of nations like China and Russia to fund the IP Gas Pipeline venture.\textsuperscript{583}

Pakistan held its part of the plan and termed it as a result of international pressure created over due to international sanctions on Iran hence Pakistan could not materialize its segment with in predetermined time frame of December 2014, for the reason that in spite of its superlative exertions, stakeholders like banks, international service providers and equipment dealers were not prepared to turn out to be drawn in this venture. Even if the Pakistan Muslim League-Nawaz (PML-N) administration declared once impending into the authority in the general elections held in May 2013 that they will get done the pipeline project\textsuperscript{584}, but in contrary the government did not allocated any funds for the further development of the project in the central budget for the year 2013-14.\textsuperscript{585}

5.6 Security Situation in Baluchistan

IPI is much significant important for Pakistan in terms of economic and business development measures. Considering all advantages of the project there are

\textsuperscript{582} Zafar Bhutta, and Kamran Yousaf, “IP gas pipeline project brought back to life,” \textit{The Express Tribune}, 25th November (2013).

\textsuperscript{583} Ibid.


\textsuperscript{585} “Pakistan may miss Pak-Iran gas pipeline deadline,” \textit{The News}, September 28th 2013.
also some difficulties which are basic hurdles in the way of said project. One of the major hurdle in the way of project is security situation of Baluchistan the area where from pipeline will comes in other areas of Pakistan. There are many non state actors and foreign factors activities are not in favor of the project. Henceforth the security concerns of IPI project are very important. There will be needed to launch security measures to protect the pipeline in Baluchistan area of Pakistan. As we already know that Jundollah another terrorist groups are working their not only against the interests of Pakistan but also against the interest of Iran.

According to the IPI project, 475 miles of the IPI pipeline will go through the Pakistani area of Baluchistan. This remote area is home to dissenter clans that utilize private volunteer armies that battle about an area and self rights that are not really helpful for secure vitality transportation. So gas pipeline passage through Baluchistan has some security risks for the said project. Thus there is needed to take some significant measures to protect the pipeline in whole and especially in the Baluchistan region. One of the major challenges in the way of IP Gas Pipeline may face is the security circumstance in Baluchistan. The significant segment of pipeline's length will be going through Baluchistan and in this way, if constructed, will confront real security danger, especially when insurrection in the area has strengthened unabated. Truly, there is a propensity of attacking formative tasks if there is an observation that their financial advantages have been neglected.

5.7 US Influencing Pakistan and India

Pakistan, though, has reached conformity with Iran in 1995 to construct a gas pipeline from Iran's South Pars Gas Fields to Karachi all along the shoreline. One of the major challenges for IPI project is the US pressure tactics to stop Pakistan and India from IPI project. Hence for US supported another project for Pakistan and India named TAPI and so that US was intending to isolate Iran in all economic activities especially in IPI project. TAPI project sponsored by ADB and support from US too influenced Pakistan and India to become part of TAPI and to remain away from

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IPI.\textsuperscript{587} Later on India as well was invited to join the venture. Since then the IPI project was ignored for years.\textsuperscript{588} US also affected Pak-Iran ties. As on one side Iran was considering US as enemy since Islamic revolution in Iran. On the other hand Pakistan was having longstanding close ties with US since 1947 when Pakistan ignored Russian block by joining the US block.

5.8 US Sanctions

It is fact that there are many opportunities in terms of IPI project for not only Pakistan but also for the region. Similarly there are also some challenges for the region including Pakistan. Hence we will focus on the major challenges of IPI project. There is major challenge of sanctions over Iran. There is need to see these sanctions seriously. UN imposed sanctions on Iran due to Iranian nuclear controversy. Further US also imposed sanctions over Iran with the complete support of EU. EU itself has imposed sanction on Iran. Hence, these three sides pressure of sanctions is already a burden for Iran. Security Council of UN had passed different resolutions from 2006 to 2010 regarding imposes sanctions over Iran.\textsuperscript{589} Further EU also imposed sanctions on the export of such technology which can help in refining or production of natural gas. Iranian crude oil was also banned by EU.\textsuperscript{590} EU also banned banking transaction with Iran which badly affected Iran’s economy.\textsuperscript{591} On the other hand US had imposed sanctions on Iran not only due to nuclear controversy but also US had imposed many types of sanctions over Iran since Islamic revolution 1979. US always took some steps to isolate Iran. Mostly, US focused on Iranian oil and gas sectors while imposing

\textsuperscript{587} Vladimir Fedorenko, \textit{The New Silk Road Initiatives In Central Asia} (Vol. 10. Washington, DC: Rethink Institute, 2013), p. 33


\textsuperscript{589} Sakib Sherani, “Pipeline Economics,” \textit{Dawn}, March 22\textsuperscript{nd}, 2013.


sanctions over Iran. US president Clinton imposed sanction on Iranian oil and gas in 1995. Post 9/11 scenario US declared Iran as “an axis of evils”. During this period US further imposed sanctions over Iran. Further US targeted Iranian financial institution mainly three state owned banks in 2007. US alleged Islamic Revolution Guards Corps (IRGC) that IRGC was involved in ballistic missile manufacturing and nuclear program. Hence US also imposed sanctions on the financial resources of IRGC. A wave of sanction was initiated by US from 2002 to 2010 to isolate Iran in terms of its development in economic and energy sector.

Hence, in this wave US also threatened Pakistan in 2010 to remain away from IPI project otherwise Pakistan will also be affected by these American sanctions. Foreign Minister of Pakistan, Khurshid Mahmud Kasuri met US Secretary of State Condoleezza Rice on 10th June 2005, to discussed this pipeline project with Iran, she stated to Kasuri that it will affect Pak-US relation as US has proposed other energy projects for Pakistan, and we are not ready to bear expected new grouping in Congress and media propagation. According to Iran Sanctions Act, US were allowed to influence MNCs and other firms to stop their trading with Iran. Hence, Iranian economy affected badly, foreign investment in Iran and Iranian trade volume decreased, banking system and energy sector were also affected badly. Pakistan is still interesting and motivated to execute the IPI project with Iran. But still there is threat of US sanction over this project. There are serious concerns that US sanction might be affecting this project. Further there is fear involved that sanction might

593 Ibid.
594 Ibid.
become applicable on the Russian natural gas extraction companies and banks of China which are providing assistance to the IPI project.\textsuperscript{598}

US sanctions has already affected this project and US succeeded while influencing Pakistan through sanctions threat. Pakistan’s National Bank (NBP) and Oil and Gas Development Company Limited (OGDCL) are reluctant to provide funds for IP project due to fear of US sanctions. Pakistan can import electricity from Kyrgyzstan and Tajikistan but unfortunately this option is also difficult due to security issue of Afghanistan. Pakistan believes that significance of the IP project is much larger than the fear of US sanctions. Hence Pakistan has officially informed US administration that Pakistan cannot leave this project for the sake of its national interest.\textsuperscript{599}

5.9 **Challenges for IP Gas Pipeline**

It is fact that there are many benefits for Pakistan and Iran in the said project, but we cannot deny the challenges which are appearing in the way of the IP project. So there is need to give attention to the challenges. US imposed sanctions over Iran to isolate Iran affecting IP project. Richard Holbrooke also threatened that if Pakistan will join the IP project US will imposed sanctions over Pakistan too. Richard Holbrooke threatened Pakistan in terms of sanctions in 2010.\textsuperscript{600} US sanctions are affecting Iran in terms of trade, military connections with other countries and also these sanctions are bounding Iran regarding trade and banking connections.\textsuperscript{601} Consequently it is badly affecting Iran’s economic development. Also these sanctions are affecting other

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\textsuperscript{598} Ibid. \\
\textsuperscript{600} Muhammad Munir, Muhammad Ahsan, And Saman Zulfqar, “Iran-Pakistan Gas Pipeline: Cost-Benefit Analysis,” *Journal Of Political Studies* 20, No. 2 (2013), p. 161. \\
\end{flushleft}
countries including Pakistan in terms of trade and economic relations with Iran. US sanctions had badly affected the IP project; as a result main stakeholders like India are reluctant to carry on the IP project. US also diverting Pakistan to join the TAPI project instead of IP project as on one side US is supporting TAPI in terms of financing while on the other side US is against the IP project for its rivalry against Iran. According to Mir Pakistan will not under US pressure to leave the IP project, Pakistan is in search of solution for her energy crises.\textsuperscript{602} Hence Pakistan will give no value or importance to US pressure while articulating the IP project with Iran for the solution of her energy crises.

US is pressurizing Pakistan to not get involved in the IP project while it is reality that Pakistan has no better option other than IP project to get rid off from the worst energy situation. US dual standards are basically hurdle in the way of IP project because US has allowed some countries including India and South Korea even in the situation of sanction on Iran to carry on their business of energy sector but at the same time US is not allowing Pakistan to keep up the IP project on the name of so called sanctions. Hence in this situation US should review her stance for Pakistan to get started her energy relations with Iran with no US pressure. Pakistan is US ally in Afghanistan, here an important duty of Pakistan foreign policy makers is to get allowed from US while trading with Iran. Even Pakistan can withdraw her support to US in Afghanistan by using it significant geostrategic position.

5.10 IP project Merits for Pakistan and Iran

Russia and China both countries are enthusiastic to become the active part of the IP project is one of the major point which can develop the IP project. And ultimately all the stakeholders of the said project will be benefited by the help of China and Russia’s inclusion the project. During December 2013, a high level Pakistani delegation visited Tehran to further discuss the project and reiterate Pakistan’s assurance to fulfill its contractual obligation.

In the last month of 2013 an official delegation of Pakistan visited Iran and showed her commitment with the Iranian officials to keep the project as it was national interest of Pakistan. Official delegation also rejected such notions that Pakistan was under pressure of US and reluctant to not carry on the project but Pakistan clearly showed her commitment with the project which was basically a great option for the development of Pakistan economy. IP project is more vital for Pakistan, as already stated that Iran has completed of her task to spread pipeline till Pakistan border. Now ball is in the court of Pakistan, thus Pakistan should complete her task of spreading pipeline with in Pakistan. Moreover after completion of pipeline in Iran, Iran has offered “one billion dollars” to support Pakistan for the IP project. It is Pakistan’s obligation to not waste the time and to develop the IP project as soon as possible so that Pakistan can start to get benefits from the IP project.

No country compromises on her national interest. Similarly Pakistan should consider IP project as national interest which is obviously fruitful to overcome its energy crises. Also industries are closing day by day due to energy crises in Pakistan. Thus better solution of energy crises is to finalize the IP project more than statements. No foreign pressure should be important but the IP project should be the national interest. Role of leadership in Pakistan is necessary to secure national interest of Pakistan in terms of her foreign policy with US authorities to overcome US pressure against the national interest of Pakistan.

Governmental Authorities should take decision to allocate budget for the significant IP project. Only slogans and statements will not work, but it’s the time to work practically on IP project while Iran has already completed her task of spreading pipeline till Pakistan border. US should notice such situation that Pakistan will not be in a position to fight two types of bigger issues at the same time, on one side US demanding Pakistan’s role in Afghanistan while on the other side Pakistan is facing domestic economic issues especially in terms of energy deficit. Hence US should must provide exemption to Pakistan to overcome her energy issues through IP project.

Pakistan has played her important role in terms of combating terrorism with coordination of US authorities especially in Afghanistan. Hence being important ally

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603 *Dawn*, 10th December 2013
US should provide such relaxations and exemptions for Pakistan to develop her economy while developing her relations with different countries especially with neighboring Iran. Iran-US nuclear deal under P5+1 is a green signal for IP project and also for other types of economic bilateral ties. As a matter of fact, India, Pakistan and Iran are discussing the prospects of such an enormous project in its own interest. But the consequences of the said project can decrease the longstanding tensions between India and Pakistan too. Also it can develop the economic situation of all three countries. Moreover Bangladesh and China can also get benefits from the project to be the part of the IPI.

This project proffers colossal prospects to Pakistan, seeing that the pipeline be capable of also determining the track of feasible oil and gas pipelines toward China, in particular because China in the past has uttered its inclination to trade in oil and gas passing through Pakistan. China can get access towards Iran via Pakistan to import gas and oil. It will be beneficial for both Pakistan and Iran. Iran-US expected nuclear deal is another hope appeared for IPI project. China is balancing its demand and supply level of energy resources by importing natural gas from Iran. It is fact that since 2007, China is number one buyer of gas from Iran.604

5.11 Importance of IPI project for Pakistan-Iran economic strength

IPI project can eliminate poverty and unemployment in Pakistan especially in Baluchistan province. It will fulfill the deficit of energy resources. Especially in the context of longstanding load shedding issue of Pakistan can be resolved.605 According to Riaz Pakistan has facing worst energy crises, especially in 2011 Pakistan was facing around “7000 megawatts” energy deficit.606 Total cost of IPI


project for Pakistan is about 3 billion US dollars. As a result, Pakistan can manage its energy resources and can overcome the deficit of around 7000 MW electricity through three billion US dollars. And remaining 2.3 US billion dollars can utilized to import oil or this money can be used for further economic development in Pakistan. Domestic gas reserves are diminishing day by day and it is expected that these gas reserves will be ended till 2020 in Pakistan. So there will appear another issue and deficit of energy resources will increased further. Hence for to overcome this issue Pakistan has a significantly important option to adopt IP project, which will not only overcome the energy deficit but also it can enhance the economic development in Pakistan. Hence, by adopting IPI project Pakistan can also secure and protect their domestic gas reserves.

Currently this is the project with low cost. Further Pakistan can save its financial resources by altering furnace oil with the low cost price gas from Iran. IPI project will also decreased unemployment in Pakistan. Especially in Sindh and Baluchistan provinces there will be many job opportunities. India is reluctant to become part of the project whereas Iran is motivating and inviting China to become part of the project. Hence, if China will become part of this project the significant importance of the project will further increased and it will also motivate India to again become part of the project. Hence, if both China and India became part the IPI project, Pakistan can also generate huge revenue through transit fee from both countries. Iran is already interested for electricity transmission in Pakistan after completion of IPI project. Hence, IPI is significant for further Pak-Iran bilateral

608 Ibid.
opportunities. Iran is intending to sell electricity to India, Pakistan and China at subsidized rate. Hence Pakistan having other strong opportunities to resolve its domestic issues like electricity problem. Iran is also intending to invest around four billion US dollars with Pakistan State Oil (PSO) to launch a setup of oil refinery at Gawadar Port. This refinery will have capacity of refining 400,000 barrels oil daily.611

5.12 IPI and its impacts on South Asia

South Asia is going to be economic hub.612 Further IPI project will also develop regional stability and prosperity. If India became part of this project then Pak-India rivalry can also be decreased. India will also get benefits from the project by enhancing its energy resources. And economic development will occur not only in Pakistan but also in India as well. If India became part of the project it is also much beneficial for India as well, Indians would import two billion cubic ft daily according to proposed project.613 Pak-India peaceful ties will flourish which will develop the regional peace.

Further China is also expected to be part of the project as Iran has already invited China to be part of the project. As a result region will be developing in terms of political and economic strength. With the help of IPI project industrial and agricultural sectors of Pakistan will flourished. Hence, economic development, GDP growth, decreases in unemployment, poverty elimination would be possible with the help of said project. Sectarian harmony can also be boosted with consequences of IPI project. People will have many opportunities to develop their living standards. Baluchistan province will be more beneficiary from the project as compared to other provinces and areas of Pakistan.

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613 Roger Howard, Iran Oil: The New Middle East Challenge to America (IB Tauris, 2006), p. 89.
5.13 IPI project and China’s role

China has also shown her intentions to lend a hand to finance the project towards its materialization. Involvement of China and Russia in the IP project can also decrease the US pressure. Hence for the IP project can be possible to be materialized with help and assistance of Russia and China. China and Russian inclusion in the project will also motivate India to review her decision of 2009 of withdrawal from the project. Iran and China have good relations in terms of oil business. China is one of the largest purchaser of Iran oil and a huge investment China has invested in Iran which shows Iran-China healthy economic bilateral relations.614

So the China-Iran relations were enhanced, US feel the same pain of these relations and statements of the Chine Ambassador to Tehran Sun Bi as Israel felt.615 Iranian leaders, since then have consistently sought the historical roots of Iran-China relations dating back 2,000 years ago in the famous Silk Road when their fore-fathers began friendly exchanges.616 Participant countries of the project consented to take a step at the methodology of divided development. As demonstrated by this approach, every nation will build up the piece of the pipeline which is coming in its own specific territory. Iran has skirting on done its part that is improvement of 1115 km pipeline from Asalouyeh to the edge of Pakistan. Directly Pakistan needs to fabricate 898 km617 of the bit of its space, after which it will enter to India. India will progress create it by working a length of 740 km.618

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618 Ibid.
5.14 Importance of IP Gas Pipeline for Pakistan

As compared to TAPI, Qatar pipeline or any other affiliations with China and US to arrange energy resources for Pakistan, the most significant important option is IPI project. According to Raise IPI project is better alternate of costly furnace oil which is used for arrangements of energy resources in Pakistan. There is also very short time framework of the said project and gas will be available with cheap price and with in short period through IPI project. Further, the availability of the gas will also develop the economic situation of Pakistan. Better utilization of gas imported through IPI project can also enhance Pakistan’s trade volume with other countries including Iran.

Development in industrial and agricultural sectors Pakistan can develop its domestic economic. Further foreign investment and trading activities can also develop which will also increase the GDP growth in Pakistan. Pakistan can get benefits through bilateral and regional trade also. Especially Pakistan can develop its economic ties with the regional countries like India, Afghanistan, China and CAS. Our region is developing in terms of economics and it will become hub of economic activities. Hence, Pakistan has realized the significance importance of the IPI project.

5.15 IPI positive impacts on Baluchistan

Pakistan and Iran both countries are facing many challenges in Baluchistan province. Both countries can eliminate many hurdles which are appearing from Baluchistan, through IPI pipeline project. If this project is executed mutual trust will increase upon each other. Further people of Baluchistan also desire this project as they know the positive consequence of the said project. Ex Governor Baluchistan Sardar Zulfiqar Magsi openly stated in front of media by opposing US pressure and he stated that IPI project should be executed for the development of Baluchistan province. Baluch people are searching for economic stability in the region. Hence they considered this project as hope for the regional prosperity. Both countries can increase

620 Ibid.
mutual trust and can eliminate major challenges including Shia-Sunni sectarian differences.\textsuperscript{622}

5.16 IPI or TAPI

In case of not implementation of the IPI project, Pakistan is taking keen interest to increase its energy resources by importing gas from Turkmenistan and Qatar.\textsuperscript{623} There are four countries showing interest in TAPI, Turkmenistan, Afghanistan, Pakistan and India, hence it is called TAPI gas pipeline.\textsuperscript{624} Turkmenistan has 3\textsuperscript{rd} position in the world in terms of its gas resources.\textsuperscript{625} Turkmenistan is already supplying gas to Russia and China.\textsuperscript{626} As for as the TAPI project is concerned the total length of pipeline is 1450 km including 650 km pipeline through Afghanistan.\textsuperscript{627} Basically Pakistan is much interested in IPI as compared to TAPI because TAPI is lengthy project and also there are some security issues to this project from Afghanistan terrorist groups. TAPI was a good project for the regional development of South Asia but IPI project was more beneficial for Pakistan in terms of economic development.

\textsuperscript{622} Ibid.
\textsuperscript{625} Richard Bidlack, \textit{Russia and Eurasia 2015-2016} (Rowman & Littlefield, 2015), p. 303
According to Lall the TAPI project is not convenient for both Pakistan and India as compared to IPI project.\textsuperscript{628} Because the TAPI project is lengthy this can also increase security issues for protection of long pipeline. Route of the TAPI projects is starting from Turkmenistan to Pakistan and India through Afghanistan. Hence the situation of Afghanistan is not good and secured as US allies NATO forces still exist in Afghanistan. Thus the protection of the TAPI project is one of the major reasons for Pakistan along with its long rout.\textsuperscript{629} Also, as IPCS report takes note of that all the four TAPI states do not have the required specialized ability and vitality framework which will slow down the achievement of TAPI.\textsuperscript{630} The report further expresses, the TAPI states will for the most part depend upon remote specialized help that will add to the expense of this anticipate.\textsuperscript{631} TAPI has only one positive aspect over IPI that US is intending to support TAPI in terms of monetary resources. But it is reality that IPI project is more significant and easy accessibility for Pakistan and India if monetary resources support IPI project. Hence I can argue that US should be sincere post Iran-US nuclear deal 2015 and US should stopped isolation policy towards Iran in context of P5+1 phenomena. Consequently Pakistan and India both US allies can develop their economic with no US pressure while importing gas from Iran.

Also it was providing economic strength to the member countries. But unfortunately there are some security concerns regarding the security of long pipeline structure spreading through Afghanistan. Further security measure will increased its cost. Because it was proposed, about 15000 to d18000 security guards would be deployed to care TAPI.\textsuperscript{632} Last three decades are evident that there is energy shortage


\textsuperscript{629} S. M. D'Souza, “The TAPI Pipeline: A Recipe for Peace or Instability?,” SSRN 2011, p. 19.


\textsuperscript{631} Ibid.

\textsuperscript{632} Ibid.
in Pakistan which is affecting Pakistan badly.\textsuperscript{633} Hence, people are unsatisfied due to longstanding issue of load shedding. Administration has failed to solve the problem of energy shortage. Pakistan is searching for energy resources to fulfill its demand. Hence, Pakistan is motivated to get resources through Liquefied Natural Gas (LNG) and Liquid Petroleum Gas (LPG).\textsuperscript{634} Pakistan is also intending to generate energy resources through domestic projects to produce electricity gas resources through hydal, coal and natural gas options.\textsuperscript{635} But unfortunately political leadership not reached on consensus to finalized domestic energy generation projects like “Kala Bagh Dam”.\textsuperscript{636} There is need to develop consensus on such domestic projects like Kala Bagh Dam, political leadership role should be important for execution of such project.

5.17 IPI or Qatar Pipeline project

Qatar gas pipeline project is also important options for Pakistan to generate energy resources.\textsuperscript{637} After Turkmenistan the position in the world in terms of gas reserves is of Qatar. Qatar have LNG 4\textsuperscript{th} largest reserves in the world.\textsuperscript{638} For Pakistan, it was proposed to import gas from Qatar the undersea pipeline via Iranian waters and

\begin{footnotes}
\item[638] Ibid.
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land spread lines. But this option was causing Iran-Qatar rivalry because Pakistan was already having a good option of IPI by through Iran was also motivated to get benefits.

Hence, Qatar pipeline was not a better option due to strategic concerns of Iran. Hence, Pakistan became motivated to import gas through IPI project which was better option as compared to Qatar pipeline. As the more important option with less cost, for Pakistan is IPI project. Pakistan is facing around 7000 MW shortage. To fulfill this huge shortage, IPI gas pipeline project is much significant important for Pakistan to generate almost 4000 MW electricity. Further Pakistan would bear low cost and easy access of gas through Pak-Iran border. Due to energy crisis Pakistan is bearing cost of three to four percent of GDP.

5.19 Western Sanctions affects on Pakistan and India

Post Islamic revolution the US and the West surrounded Iran politically, financially, and militarily. Similarly IPI gas pipeline project was also more affected due to US and West attitude against Iran. US putted pressure on both Pakistan and India to get back from this mega financial project by utilizing soft tact for India and hard strategy against Pakistan. After Maritime Silk Rout and Pak-China economic corridor China goes into gas pipeline project by supplanting India. As India was hesitating to carry on the project due to US pressure. Chinese will contribute two billion US $ by associating this gas pipeline with Gawadar port that won't just advantage China additionally Pakistan and Iran. The project is confronting genuine difficulties because of the monetary sanctions forced by UN and US because of the asserted Iranian exercises of creating atomic bomb. US are consistently pressurizing

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Pakistan and India to scrap the undertaking and undermines of solid strategic outcome if Pakistan and India proceed to start the IPI venture. On one side, India has already consented an arrangement with Iran to import LNG for a long time but India is reluctant to carry on the IP project. Pakistani point of view on this issue is that India is intentionally postponing the project due to its rivalry with Pakistan.

Further because of propagations against Iran; the money related issues are more predominant which must be remembered. Iran was forced with sanctions many times. Late fourth round of sanctions were forced in June 2010 because of Iranian nuclear desires. Iran completed task of spreading pipeline in her side in July 2011. On the other hand government of Pakistan was not satisfied from the private investors, further government was intending to impose tax on the consumers. Pakistani government also showed her interest to get financial resources from Russia, China and Iran to complete her side task of spreading pipeline till 2014. Hence, one of the major challenges for IP project is financial deficit on Pakistani side.

5.19 US influencing by all means

Similarly, US influenced Pakistan, and proposed some project like TAPI and Pipeline from Qatar via Afghanistan, to isolate Iran in the region. US have already imposed many sanctions over Iran in context of its controversial nuclear program.

Due to US pressure Iran was searching other options to sale her huge oil and gas resources. Hence, Iran invited China in 2008 and also invited Bangladesh to become part of this project. US were succeeded to influence India with the help of US-India nuclear deal in 2005. India departed from the IPI project by presenting some issues of security prospects and gas prices. On the other hand, US were not succeeded to influence Pakistan to withdraw from the IPI project. Infect this project was in the national interest of Pakistan to overcome its energy crisis especially longstanding issue of load shedding in Pakistan.

US again asked Pakistan in January 2010 to skip her interest in IPI project. Pakistan showed her keen interest to carry on the IP project for its longstanding national interest and showed to be not feared from US pressure in this way. Once India withdrew from the project in 2008 but later again India showed her interest to participate in trilateral talks which were going to be held in Tehran in May 2010. Hence, again IPI project was seems to be executed by the proper involvement of the stakeholders. US were influencing Pakistan by providing other opportunities. US were ready to provide help Pakistan in terms of building natural gas resources and also US

motivated Pakistan to import gas from Tajikistan through Wakhan Corridor. But the significant importance of the IP project was more than all other options.

Pak-US strategic partnership is old; hence Pakistan should demand exemption from US in terms of sanctions over IP project. As already US have allowed some other countries to import oil from Iran. India and China are importing oil resources from Iran due to US normal policy towards them. Hence Pakistan should demand the same normal policy from US, so that to finalized IPI project. US influenced both Pakistan and India to remain away from IPI project to isolate Iran. For this purpose US has given some other options to import gas like TAPI. Consequently US succeeded to Influence India but failed to influence Pakistan regarding IPI project. As Pakistan was ready to import gas via TAPI project but at the same time Pakistan was not ready to leave IPI project.

5.20 Western Sanctions over Iran

Due to Iranian controversial nuclear program UN, US and EU have imposed sanctions over Iran. These sanctions badly affected Iran’s economy. Especially US was intending to isolate Iran, henceforth they imposed sanctions and as a result economic challenges were seen by Iran. According to UN sanctions over Iran embargo was imposed for almost all types of dealing with Iran until Iran is intending to carry on its working on nuclear assets generation. UNSC have passed following resolutions against Iran while imposing sanctions on her 1737 (2006), 1747 (2007), 1803 (2008) and 1929 (2010). According to the resolution which was

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656 Ibid.


passed in 2010 by UNO, Iran will not be allowed to deal any type of energy related business with any country of the world. Henceforth a rich country in terms of oil and gas reserves was banned to not export its oil and gas reserves to any other country. Pakistan being signatory of UN charter is bound to follow the UNSC resolutions according to other signatories.661

5.21 The Delay of IPI: Indian Factor

India joined the project but exited due to two major reasons662. US pressure and rivalry against Pakistan. As India have no concerns with the economic or political stability of Pakistan. India is hungrier for getting more energy resources as compared to Pakistan. Iran is a noteworthy part of the bow of energy rich land, where as Pakistan and India fall into the camp of the energy insufficient states.

In South Asia for instance, India and Pakistan are willing to obtain significant amounts of benefits from natural gas deal with Iran. Consequently regional harmony will develop, and South Asia will develop in terms of economic development. Bangladesh, China and Russian inclusion the IP project will further develop the economic situation of the region. Iran has the second biggest stores of common gas on the planet after Russia663, and tries to be the gas center of the locale with arrangements for supplies to neighboring nations including Pakistan and India.664

It is reality that India also needs natural gas from Iran; IP project can fulfill Indian need in steady way. But India’s longstanding enmity with Pakistan is discouraging India to remain away from the project, as India never wishes that Pakistan may progress in terms of economic development. Thus, India windrow from

659 Ibid.
664 Ibid.
IP project in 2009. Unfortunately Indian government presented her view on her withdrawal from IP project as she is facing pressure from US to remain away from the project; also they have showed that Pakistan is getting huge revenue in terms of transit fee of gas from Iran to India through Pakistan. In 1999 India joined the project and signed an agreement regarding IP project. Later again in May 2007, the Indian Foreign Minister Mr. Mukherjee, during his visit to Iran, restated Indian assurance to Iran about the project but in 2009 India showed her enmity against Pakistan and withdrawal from the said project. If India is intending to affect economic development of Pakistan by getting away from the IP project, then no doubt it will similarly affect the economic development of India too. Because India will not able to get gas which will increase her energy needs. It is fact that India is in need to import gas from Iran but US has influenced India to remain away from the IP project, infect US was intending to isolate Iran. India and US signed a nuclear deal in 2005 which influenced India to get away from the IPI project. As India got benefits from US while getting involved in nuclear deal with US. Consequences of the US influence towards India, IP project delayed as India withdrawal from the IP project in 2009. Hence I can argue that along with US, India was also an obstacle in the way of IP project. As India withdrawal from the project was not only because of US pressure but also because of her longstanding enmity with Pakistan. So that India was intending to affect Pakistan’s interests.

5.22 Conclusion

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There is no other economically attractive alternative but to import gas, for energy needed economies of India and Pakistan, on the other hand, Iran is in have to search out new market for its huge gas reserves to hold up its economy and to export gas. Thus IPI project can boost the economy of all stake holders of IP project. Simultaneously, foreign policy makers of Pakistan have been affected largely by the pressure of United States and Saudi Arabia to not finalize the IPI project. Iran-US and Iran-Saudi enmity was basically affecting the economic development of Pakistan and India in terms of IP project. As Saudi Arab and US were expressing their enmity against Iran while pressurizing Pakistan and India respectively to not get involved in IP project so that to isolate Iran on one side and also to stop Iranian economic development on another side.

The consequences of the gas pipeline project identify with a living confirmation of this multi-disciplinary conviction with the affirmation of the possibility that globalization is moving the stream of regional administrative issues and changing social and political settings of the regions. However IPI pipeline wander must meet three principles to wind up evidently a reality: budgetary appropriateness, political affirmation and plausibility of coordination. Territorial money related composed exertion is viewed as a champion among the most crucial political achievements to be grabbed from the said project. Together India and Pakistan have basic money related requirements which are adequately broad to get them on board to discuss the tri-partite gas pipeline dealings. As before all else, it has been illuminated that the two countries use extra vaporous petroleum than they create.

Each one of the three countries Iran, Pakistan and India will be approved to reexamine their policies towards the dispute, for instance, Afghanistan's crisis, Kashmir issue and national security concerns and factional violence, perceived before as to make thump precarious segments. India, Pakistan and Iran are required to figure out how to bring under control their rare old routine with respect to making debate and to spending mediator disputes in each other's countries. With the help of IPI project Pakistan, Iran and India can enhance their bilateral relations respectively.

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Especially Pakistan and Iran can decreased the misperceptions upon each other regarding Afghanistan issue, as both countries were having different policy towards Afghanistan in past in context of their affiliations with Afghan groups. Suppose Pakistan was supporting to Taliban in Afghanistan for her geo strategic interests. Similarly Iran had supported to Northern Alliance for her interests. Hence by agreeing on mega project of IP both countries can decrease their misperceptions or any type of other issues. Similarly India Pakistan rivalry can also be decreased with the help of this project.

Pakistan and India can get more benefits from the IP project as it is clear that both countries are in need of energy resources. Thus both countries should focus on the project to develop their economic strength. Thus Iran is providing a chance of economic development to both countries. Further Iran can help both countries to normalize Pak-India relations. Hence for IP project is beneficial for Pakistan and India in both dimensions i.e. political and economic. Pakistan India peaceful relations can also enhance the regional peace in large. South Asia cannot become economic hub without peaceful Pak-India ties. In other words Iran is helping both countries to make South Asia an economic hub by normalizing Pak-India ties with the help of IP project.
CHAPTER-6

CONCLUSION

The relations between Pakistan and Iran were tense in 1990s due to Taliban factor. Bilateral talks were almost stopped. There were many reservations of both sides upon each other. But after the fall of Taliban regime bilateral visits enhanced these relations. Further tense situation which was increased specially due to incident of Mizar e Sharif, became decreased. Official visits from both sides not only decreased the tense situation but also both countries were become able to create consensus on different regional, international and mutual issues. Bilateral visits also rectified different misunderstandings of both sides. Hence, officials from both sides paid visits to each other for bilateral talks and discussions to decreased the misunderstanding and wrong perceptions. Further both sides were intending to escape their reservations. In this way new beginning of Pak-Iran relations further proved. There is much scope for both countries to enhance bilateral talks and to update each other about dynamics and challenges which appearing in the region. So, the regional stability can be enhanced accordingly. There are wide opportunities for both to maintain longstanding cooperation and relationship.

Infect there are many challenges and difficulties in region, these problem are profound especially Afghan situation is directly creating security challenges for the region. As US is still exiting there in Afghanistan. Furth more drown strikes on Pakistan can be seen still. US involvement in the region is of serious nature not only affecting Pak-Iran relations but also the other regional countries foreign affairs. Infect US is not leaving Afghanistan soon and regional ferment will be constant due to US involvement in the region. If it is supposed that US and ally will departure from Afghanistan then the ferment and bedlam will remain in Afghanistan as well as in the region for a long period. In my view it is not such a simple matter that if US will departure, immediately this region will became peaceful. After shocks of US existence from a long period ago will still appear. Interestingly some scholars are of the view that US will departure from Afghanistan soon but US involvement in Syria and Yemen reject such notions. Even US will increase her involvement in regional countries to develop her hegemony in the region. Regional actors are not sincere to bring stability in the region with peaceful means. US offensive strategy always
created challenges for our region. As far as the Iran role in the region, Dr Zahrani described that Arab Spring is not in final Phase, Currently Syria is facing political ferment and US have no intentions to solve this issue with peaceful means. So a collective political strategy should by adopt for the stability of the region.

Apart from regional unity, internal and domestic unity is necessary too. Afghanistan being internally not united and remains grabbed in different groups and division based on ethnicity and sects. So that the external powers intervene such as US and USSR which not affects just that country but also the whole region. Hence for there is need for Pakistan to be united internally first, there is need to solve the grievances of Baluchistan specifically. And for Iran it is also necessary to be united domestically first, there is need for Iran to focus on the development of Sistan-Baluchistan. Dr Rasule Bakhsh Rais said that people need employment, safety of their houses, shelter, and food security. So there are many works for both countries to do domestically and externally with mutual cooperation. Polarization from west, terrorism, extremism, sectarianism including target killing, and ethnic crises everything is there happening at our mutual border, these are major challenges for us, so both countries should to plane to do care for these challenges.

There is also need sincerity in terms of Pak-Iran economic relations. There is need that both countries should take strong immediate decisions to maintain bilateral economic relations. As Najam Rafique stated that, in 2015 Iran is going to close its eastern border with Pakistan and Afghanistan. This will be dangerous not only for Pakistan but also for Iran as well in terms of economic relations. If border will be closed then it will affect bilateral trade and according to ISSI report 2014 imports and exports between Pakistan and Iran has fall dramatically, which is directly affecting already developing economic situation.

According to Najam Rafique, statics shows that 2008-2009 exports volume between both countries was US $399 million while in 2010-2011 it decreased up to US $161 million, so it decreased 59.4%. And there is absence of economic cooperation between Pakistan and Iran. There is needed to take some immediate measures to enhance their economic development for both countries. According to Pakistani diplomats Iran intending to increase import duties on different Pakistani products including fruits, crops, and garments. So it will remain an obstacle in the
way of economic development. Hence Iran should review her policy and she should reduce import duties which will develop her economy also along with Pakistan.

Different small and medium investors initiated and formed some companies. A joint venture investment company named PICL and PAIR investment Companies were formulated in Karachi with investment of $25 million. Regrettably, no transaction has been seen with any company or investor of Iran since then it is formed. So there is need, that Iran should courage their companies and investors for the business and trade transactions with Pakistan.

Instability in Afghanistan is not new it based back to almost 40 years. And instability from Afghanistan led to the regional instability. “Taliban” are still in top headings of issues. Once Taliban were going to form their government, this formation affected the region; in post 9/11 Taliban were falling from their government, it again affected the regional politics as well as economic situation of the region. But here when Taliban were falling Pak-Iran ties were improving. But instability in the region increased due to so called GWOT. Contemporary regional situation is more vulnerable although there are some signs from US are appearing that they will departure from Afghanistan. But in my view regional situation will not be developed as early as the people are expecting. As, departure of US will not be in complete sense, as already stated that if US departure completely still “aftershocks” will be appeared in the region.

And if it is assumed that US will completely departure along with its troops, logistic cells, infrastructure etc, then still aftershocks of the long existing US in Afghanistan may appeared. Internal factors and actors will misuse changing scenario. Pakistan and Iran need to solve regional problems individually up to their relevance. But they should not mix up the regional and mutual issues together. As on US presence in Afghanistan there are different views in front of Pakistan and Iran at the same times. Hence for Pakistan and Iran should take serious measures for their mutual relations first and should not blame each other on difference of their policy stances for their relations with other countries.

Morality and positivity is much effective tool with less cost to success in world politics this is a “soft power” which helps to promote relations between
countries. Both countries have supported and understand each other in different mutual, regional and international issues. Iranian helps Pakistan in energy sector, Pakistani exports different crops and fruits, common security measures, to control smuggling, and common measures against human trafficking are the evidences of morality and positivity from both sides. Status of relations developed through bilateral visits, trade, measures against terrorism and planning against across border illegal trade are the evidences of unity, but still there is space to enhance these activities with more significant manners.

There were many challenges confronting Pak-Iran relations at the same time since 1979. The irritation further increased when sectarianism and terrorist puts fuel on it. But in 9/11 scenario major irritating factor “Taliban regime” reached at end. Interestingly major problem get resolved but still there are some key problems in the perceptions of policy makers from both sides, these differences were minor level in some issues. For instance, Pakistan is in favor of NATO forces in Afghanistan even under the authorities of UNO or any other authority like US. But Iran was only in the favor of UNO’s framework but not with the plane of US or any other authority. Hence there is need for both countries to understand each other in terms of their policies with other countries.

To enhance interaction between Pakistan and Iranian people for the sake of development in political economic and social relations, there is wide scope in the field of education and academic exchange system. Especially academic exchange program should be launched between both sides of educational institutions, colleges and universities. This will not only develop mutual relations but also it will provide opportunity to understand each other’s perceptions and increase mutual trust. Masses interaction is much important to develop both types of relations i.e. realistic or ideological. Foreign Minister of Iran, Manouchehr Motakki in Islamabad when he participated in OIC session which held in Islamabad in May 2007, stated that “In

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672 Ibid.
relations between Iran and Pakistan, mutual interests are principally observed. Both countries have many times discussed bilateral issues of different types. Border security, Smuggling, human trafficking, sectarianism, terrorism etc were the prominent issues of discussion. In my view these issues are discussed a lot of times but now it is time to execute the already decided matters.

In modern realistic world politics every country always focuses on her national interest. Hence for both countries Pakistan and Iran have also focused on their national interest while maintaining their bilateral relations. Thus, challenges were appeared due to national interest of each country in the way of Pak-Iran relations. As mentioned in second chapter complete historical background of Pak-Iran relations since 1947 to 2005 which shows that divergence of interest increased due to different foreign policy stances and further due to strategic compulsions of both sides. Hence for major ups and downs were seen in this era. It is argued in the chapter 2 that Pak-Iran relations in modern era cannot be maintained on the basis of “Ideology slogans” but according to ground realities of the realist world. According to realist school of thought there is no permanent friend or enemy in international relations. Geostrategic compulsions of both sides were also the reason for creating challenges among them. Policy makers from both sides always focused on their separate geostrategic compulsion. Anarchic nature of world system according to realists view is evident for these Pak-Iran ties. As both countries were struggling to secure its national interest on one side and following their different foreign policy options according to their geostrategic compulsion.

Territorial elements and difficulties are likewise influencing economic relations of the both nations. After 9/11, security circumstance of the world changed; additionally US powers attacked Afghanistan which framed security dangers for the region where Pakistan and Iran are exist. In this circumstance, both nations were influenced while keeping up their outskirt securities. Particularly, Pakistan who was Non NATO partner of US led war in Afghan, which also affected Pak-Iran relations. US strategy toward Iran and the thoughts like “Iran an axis of evils” also affected both neighbors’ relations. Further, UN, UK, and US forced economic sanctions on Iran

because of Iran's nuclear issue also affected Iran’s economic relations with the other countries including Pakistan.

Controversial nuclear program of Iran created such environment that US made isolation policy against Iran. Consequently Iran’s economy was badly affected. Subsequently, these sanctions likewise influenced Pak-Iran ties. Although two sided talks and numerous agreements were finalized amongst Pakistan and Iran, however lamentably "sanctions" were obstacle in the way of execution of the agreements and relevant decisions. Additionally, along US influence, less interest were likewise reasons in various matters which stayed pending. So along with US factor, Pakistan and Iran both sides played fewer roles to finalized the already discussed projects or matters. Henceforth economic progress remains almost stopped between both neighbors.

Both countries were having different policy stance in context of GWOT. As argued in Chapter 2 that Pakistan was given the status of Non NATO ally in GWOT, while Iran was declared by Bush administration as “an axis of evils”. Hence forth different policy stances were adopted from both sides in terms of GWOT on the basis of the nature of their individual relations with the US. Thus, different policy adoption in context of GWOT, which was basically a strategic compulsion in the minds of foreign policy makers of Pakistan and Iran. Further Iran-US rivalry increased while Pak-US ties were running in positive gestures in terms of GWOT which created other challenges in between Pakistan and Iran.

Iran was not supporting US led GWOT, which created gap between Tehran and Washington. US were intending to isolate Iran especially in terms of economic due to Iranian controversial nuclear program. Further they were even intending to destroy the nuclear assets of Iran. Hence for Iran there were doubts increasing regarding Pakistan that Pakistan was going to allow US to use her land against Iran. But these were actually just doubts not the realities that Pakistan was going to support US by providing her land against Iran. Pak-US relations are old but Pakistan has never become part of any US plan against the interests of Iran. Further Pakistan was already bearing many challenges by its involvement through getting status of Non NATO ally in Afghanistan. Hence for Pakistan was not in a position to face some other worst type of challenges from its longstanding peaceful border with Iran.
Taliban were major hurdle in between Pak-Iran relations during 1990s as argued in chapter 2. But later in consequences of 9/11 scenario major hurdle Talban’s ending was seen. Hence both countries were become close as major hurdle Taliban was no more. Afghanistan and Pakistan was supporting US in GWOT which was one of Iran’s top enemies. Similarly Iran was assisting or supporting India which was Pakistan’s enemy. Infect both Pakistan and Iran was having strategic compulsions. And after the fall of Taliban for a short period both countries were become close. Hence forth I can argue that the regional political environment is facing ups and downs time to time due the role of world powers. Due to foreign factors especially US involvement in our region political ferment is appearing. Pakistan and Iran are not basically responsible for regional disability but foreign factors are its responsible. So called world powers are wrangling for creating their hegemony in the region. Consequently, challenges and difficulties appear before Pakistan and Iran. As a result both neighbors Pakistan and Iran should focuses on the foreign involvement and should take care of their mutual relationship.

Pak-US relations were also not running in good gestures because of Pak-Iran relations. President Zardari stated in Feb 2012 that Pakistan will remain and stand with Iran if any attack made against Iran. Hence for mistrust was increased between Pakistan and US. Further Iran became closer to Pakistan by noticing its loyalty with her. Also President Zardari’s statement became the reason to boost up trust between Pakistan and Iran. As a result of Pak-Iran close ties US was feeling irritation.

US, UN and EU have imposed sanctions over Iran due to controversial nuclear program. Western powers adopted the way to isolate Iran through these sanctions. Iran’s nuclear progress was still not stopped even sanctions were imposed. But in

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some extant nuclear progress was become slowly. Further according to the report of IAEA 2011 it is reported that Iran has developed its nuclear program significantly. In chapter 2 it is mentioned that President Khatami was most moderate leader of Iran post 1979 in terms of creating relations with the world. Here I am arguing that even in most moderate era in Iran since 1979 the progress in terms of nuclear program was not stopped even in the tenure of President Khatami. Similarly, Iranian “hard-liner” President Ahmdi Nejad who even stated that “Israel should wipe away”. In his regime the Iranian nuclear program further progressed. Hassan Rohani is also considered as moderate by the Western media who got victory in 2013 elections. It is fact that Hassan Rohani is strongly believe on negotiations to solve out all issue especially the controversial nuclear program.

Consequences of Iran-US nuclear deal under the auspices of P5+1 will be helpful for Pak-Iran relations. Especially Pak-Iran economic issues will be resolved with help of this deal, as Iran-US rivalry will decreased which will impact positively on the regional economic activities. It is true that there was range of divergence in between Pakistan and Iran. But also there were some opportunities for each side to remain in contact with each other. US imposed sanctions over Iran to make her isolate. As a result Iran was intending to counter US isolation policy through creating good relations with Pakistan. As, infect it was need of Iran to get connect with Pakistan especially due to following two reasons. One important reason I have mention already to counter US isolation policy and the second important reason to create good relations with Pakistan to again counter the US motivations of attack against Iran by using Pakistan’s land. Positive intentions from both sides Pakistan and Iran to maintain their reciprocal relations were basically their “keen need”. Because

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678 Ibid.
Iran was intending to protect her from US attack and US isolation stances whereas Pakistan was becoming close with Iran to show US that any attack on Iran will not be in favor of Pakistan’s interests.

Hence, in this scenario both Pakistan and Iran were in good position to create more and more opportunities for their political and economic development. There were many opportunities for both countries by upgrading their trust upon each other. Combating terrorism, anti sectarianism policies, cooperation in the field of energy sector, and cooperation in other aspects of economic, border trading while taking security measures for border etc were the major fields where there both countries were able to develop and boost up their relations. It is fact that Pakistan has presented her reservations against Iran while maintaining Iran-India ties. As Pak-India rivalry is longstanding since its formation in 1947. Pakistan has a longstanding issue of Kashmir with India. It is argued that Pak-Iran relations are affected many times due to Indian factor. Hence gap created between Pakistan and Iran due to India’s ties with Iran.

But the major development which was happened in 2010 normalized Pakistan’s relations with Iran. As Supreme leader of Iran Ayatollah Khamenei supported Kashmiri Muslims and criticized the violation of Kashmiri people’s rights. There is much important role of Indian factor which affect the Pak-Iran ties. Further Pak-Iran ties were affected due to the Indian support to Iran for strategic interest in Afghanistan. Basically India became the reason to provided chance to Iran to get involvement in Afghanistan which badly affected Pak-Iran relations. Hence for Pakistan being US allies it further motivated Pakistan to secure its geostrategic interests in Afghanistan. When Iran feels irritation on Pak-US ties, then it is also interesting fact that India has also strong strategic friendship with US. India-US were motivated to sign a civilian nuclear deal and finally they do so which is basically not only irritated matter for Indian rival Pakistan but also it is another issue for Iran. Hence by understanding the ground realities that India is enhancing ties with Iranian rival US, Pak-Iran policy makers should adopt positive opportunities to become closer.

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Further there is another fact that Pakistan always supported Iran for the development of its nuclear program for peaceful means but India did not supported Iran in IAEA in context of its nuclear program. As India further strengthen its strategic ties with Iran’s rival US. As India supported US cause in IAEA against Iranian interests. Hence for Iran should understand the ground realities regarding dual role of India. As on one side India is affecting Pak-Iran ties in context of its role in Afghanistan and further to get access to CAS with the help of Chahbahar. Further there is competition among both sides regarding ports which is also hurdle for the development of their economic. Ports competition creating debilitating vibe and competition amongst Gwader and Chabahar is increasing the Pakistani and Iranian Ports independently.

And on other side India is developing its ties with US in terms of defense and nuclear matters. India has also escaped herself from IPI project due to her rivalry with Pakistan. IPI project is not only beneficial for Pakistan but it is also beneficial for Iran accordingly. Hence for India run away to not only for showing its rivalry with Pakistan but also India has affected the economic prospects of Iran under the pressure of US. Similarly it can be argued that India is playing cards in favor of US which are ultimately against Iran. As we know actually US was intending to isolate Iran. India was importing oil in bulk from Iran but due to US pressure India further used the strategic umbrella of US and India reduced its imports in terms of oil from Iran. Reduction while importing oil from Iran is also evident that India supported US isolation cause against Iran. Whereas, it is reality that Pakistan has not supported the US cause of Iranian isolation. Even Pakistan has supported Iranian nuclear program for peaceful means. President Zardari’s statement in favor of Iran in context of expected attack against Iran is also evident. These all aspects are the realities which can reduce mistrust between Pakistan and Iran. As a result Pak-Iran political and economic relations can be enhanced.

It is also fact that Pakistan cannot afford its enmity with US due to strategic interest on one side. On the other side Iran can also not afford the enmity of India. Hence in this situation Pak-Iran relations can be maintained with positive thinking on the basis of ground realities.
Sectarianism and Terrorism has also remained a challenging issue between Pakistan and Iran, which still exists. Especially role of Jundollah with backing support of US has further promoted this issue in the way of Pak-Iran friendship. One of the major objectives of Iranian foreign policy is to support Shia rights in the world. But here in Pakistan the Hazara community and other Pakistani Shias are going to be killed led by Jundollah, LeJ, SSP etc. Hence for Iran have reservations for the sake of Shia people protection in Pakistan as well. Pakistan should provide protection to its citizens in the whole country either they are Sunni, Shia or belonging to any religion even. So that Pakistan can also enhance its friendly environment with its neighbor Iran by protecting Shia people.

Systematic analysis of the relations since 2005 to 2015 provides a picture that there are some convergence and divergence of interests between Pakistan and Iran. National interests of one country sometimes create challenge for the other. Sometimes mistrust increased due to foreign factors. Hence, it cannot be argued that there is some type of critical issue between both sides, critical by means there is no such worst issue that cannot be resolved with proper attention. Misperceptions and mistrust is mostly seen by the foreign policy makers of the both sides. It is fact that there are some issues but these issues can be resolved through table talk with sincere approach.

Further systematically it is found that are also some opportunities to enhance their political and economic relations. Mega project IP and other economic measures can enhance not only their mutual economic strength but also the strength of the whole region. It can be argued that in near future Pak-Iran relations will be went in same gestures. Both countries will see ups and down in the future as world powers are still their wrangling for power in our region. Pak-Iran relations would not in ideal position as both nations are struggling to secure their national interests and they are joining some other countries accordingly to maintain their foreign relations with the world. Both countries have different choices for their political, economic, social and strategic development. Hence forth if Pakistan goes close with US it has irritated Iran and similarly if Iran goes close with India it has irritated Pakistan. Further Iran-KSA rivalry also affected Pak-Iran ties. Hence for these phenomena will goes in same scenario in near future as well, so there is no such situation developing in future that Pak-Iran relations will became exemplary. So that to develop these relations there is
need to understand each other side misunderstandings and mistrust should be eliminated.

Pakistan should also formulate a strong strategy to protect the pipeline with in her territory, as security protection of the pipeline is mandatory so that to get benefits from IP project. Hence for Pakistan should focus on in insurgent elements in Baluchistan especially to protect the pipeline. It is recommended that Iran should reduce import duties on different Pakistani products so that to enhance Pak-Iran economic ties. Visits of the high officials from both sides are important and consequently these visits can develop the Pak-Iran ties in political and economic dimensions. With the help of visits like the visit of PM Nawaz to Iran and reciprocal visit of President Rouhani to Pakistan is the evidence that both countries are struggling in such situation when both countries are facing such type of foreign pressure. Thus these visits can further erase the misunderstandings and misperceptions as well.

Both countries are not only friends but also sharing a long border which is a significant point to develop mutual ties. Further being important countries of Muslim world both countries can work together for the sake of Muslim Ummah as well. Similar ideologies, common belief, cultural commonalities in both countries are evidence that both countries can be closer. Past relations during Pak-India wars of 1965 and 1971 and Iran-Iraq war both countries cooperated each other which show their loyalty upon each other. Foreign pressure either against Iran or Pakistan, both countries should cooperate each other to get rid off from the pressure. There is a lot of space for both countries to develop their political and economic relations. Thus both countries should initiate the mega projects especially to develop the economic relations. Practical measures should be taken to develop bilateral economic relations to fulfill the empty space in this way.

Pakistan is need of energy resources like oil and gas, thus Pakistan can purchase oil and gas from Iran which is convenient and less price opportunity for Pakistan. Thus Pakistan should not tilt towards other countries to purchase oil and gas.

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resources. Pakistan can fulfill her demands through Iran. Similarly Iran should provide such opportunities to Pakistan that Iran should review her policies regarding tariff and non tariff barriers. Thus Iran must remove above mentioned barriers then Pakistan can be a greater importer of Iran. As a result these steps can develop mutual economic activities and it will also develop trust. Both countries should not be involved in competitive situation, because third country will take advantage from such situation. Both countries can cooperate with each other through their mega projects like Chahbahar port and Gawadar port. Hence it is suggested that not competition but connection of both ports can develop their economic relations. CPEC is a significant venture lead by Pakistan and Iran. If Pakistan motivates Iran to participate in CPEC it can develop the project along with the development of region. Further mega project like CPEC can decrease the foreign pressure as well. Hence economic strength regional countries can initiate many other projects for economic and political developments without any foreign pressure. Thus to get rid off from foreign pressure economic stability of Pakistan and Iran is mandatory.

There is also need that Pakistan should take immediate measures to create peaceful environment especially in the border areas linked with Iran. As peaceful Baluchistan region can provide Pakistan a lot of opportunities to develop her economic relations with Iran. Pakistan should need to take some drastic steps against militant groups like Jundullah, Harkatul Ansar, and Jaish Ul Adl etc as a result Baluchistan region can develop in terms of political, economic and social aspects. Pakistan Iran relations are linked with situation of Afghanistan in terms of security and strategic situation. As it is evident, in past Afghanistan issues especially Taliban regime was the major detracting factor in Pak-Iran tense relations. But in current scenario both countries can take some mutual steps to bring peace in Afghanistan. Infect peaceful Afghanistan can erase many issues which are appearing in the way of Pakistan and Iran. President Rouhani and PM Nawaz mutual cooperation to bring peace in Afghanistan is significant for future bilateral relations. Thus this cooperation should be developed accordingly for future planning. Hence neighbors can take significant measures to bring peace in the region in whole.

Pakistan should not become a party in Iran and Saudi Arab rival situation even Pakistan can play a role of bridge in between Iran and Saudi tense relations. Trust
should be paid to Pakistan from both Iran and Saudi so that to minimize problems of Muslim world. Further Pakistan should play her more role to minimize the problems of Muslim countries. Especially in Middle Eastern conflicts like conflict of Yemen and Syria Pakistan should be neutral with the stance to reconciliation between stakeholders.

It is fact that US, UN and EU imposed sanctions over Iran which created gap between economic sector of Pakistan and Iran. Iran has faced more loss from these sanctions as compared to Pakistan although Pakistan was also affected by these sanctions. P5+1 phenomenon are a greater hop for economic development of both sides in near future. Mistrust will decrease which will affect bilateral ties positively. Thus Pak-Iran ties can be developed in near future with positive aspects by the help of expected Iran-US nuclear deal. Consequently US will lift sanction from Iran thus Pakistan and Iran can enhance their economic ties. As on one side there will be no US pressure over Pakistan and on the other side Iran will also in a position to boost up its economy. As a result, as we know Pakistan is locating in the neighborhood of Iran, so it will provide more opportunities to both sides to develop their bilateral economic ties with low cost but high benefits.

Enhancement of cultural unity, inter social harmony, bilateral trade and visits should be developed to create a space for respect of mutual interest. There is need to understand each other’s essential interests. Fundamental interests could be understood with the help of tolerance and focusing on regional stability. Strategic compulsions of both sides should need to be understood mutually. Both countries should promote trust upon each other with positivity and morality. Future cooperation can be enhanced by adopting recommendations mentioned through this research.

Both countries should encourage the investors for investment to develop their economic progress. Business delegations should be formulated to encourage the business community. Relations should not be only through positive statements but also to execute different programs for the sake of economic development. To introduce different products of both sides there is need to take proper decisions. At least annual Exhibitions should be organized to encourage the business community.
As in 2013 “Expo Pakistan” was held in Karachi. These types of steps are valuable for the sake of economic development. There were 17 Iranian business entities that showed their interest in Expo Pakistan in 2013. This expo was productive for both sides as far as economic ties. Further business men of various areas from Iran took an interest in expo held in Lahore also. Iranian representatives pay their enthusiasm for Poultry and Energy segment. Further they presented their products in expo of Lahore.

There is Joint Business Council which was established in 1995 by Pakistan and Iran to solve out the economic issues. But unfortunately it is not functioning properly. There is abundantly need to activate Joint Business Council for both Pakistan and Iran. Less progress of JBC is bringing about less revenue collection for both sides. Iran is not actively taking part to functionalize the JBC while Pakistan is taking interest to make it functionalized. The MOU of JBC which was marked in 1995 is as yet pending for reestablishment. Thus, it is prescribed to advance and functionalized the JBC for economic improvement in both nations.

There is need to formulate check posts to control the smuggling from both sides. Iran should review its strict economic policies which are the reason for less interest of Pakistani businesspeople while exporting merchandise to Iran. Restricted Iranian economic policies are not just hurdle for Pakistan but these policies are also not helping Iran regarding their economic improvement. Iran ought to concentrate on both tariff and non tariff obstacles in the way of Pak-Iran trading prospects. Iran ought to give better chances to Pakistan regarding a wide range of items as both nations are neighbors and both nations will have incentives of less carriage charges. Particularly business of live animals including frozen meat can give advantage to both sides, as well as it will overcome the issue like smuggling of live animals. Both nations ought to have a particular chamber of commerce; it can advance their economic ties. Officially, both nations have joint councils of business or chamber of commerce

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684 *Dawn News*, December 8, 2013
685 *Dawn News*, October 20, 2013
686 Ibid.
687 *Daily Times*, February 26, 2012
including other member states. Joint councils of business are less useful for economic
development in Pakistan and Iran while particular chamber of commerce will more
helpful Pakistan and Iran to develop their economies. Hence there is need to formulate
a particular chamber of commerce of only two countries Pakistan and Iran.

There is much scope for Pakistan to established meat industries and so on to
build butcher houses close to Taftan and Quetta. Thus Pakistan can expand its exports
volume frozen meat towards Iran. As, there is much demand of “Halal Meat” in
Iran\[689\], so Pakistan can get benefit from this opportunity. Likewise smuggling of live
animals can be stopped while expanding meat trade. Advancement of live animals and
meat business can likewise build up the strength Pak-Iran economic ties. There is
another opportunity for Pakistani business group regarding furniture business in Iran.
Pakistan should take an interest in Tehran Furniture Exhibition which will give
chances to exports of furniture related products. Currently it has been noted that
buying capacity of Iranian middle class has been increased since few years ago.
Henceforth, Pakistan should target Iranian middle class customers to develop her
exports towards Iran\[690\].

Absence of banking system amongst Pakistan and Iran needs to be focused
properly. There is need to take some appropriate measure to establish a proper
banking network between both sides. Pakistan should adopt some techniques like
China, Turkey and India while keeping money exchanges with Iran. As, Turkey has
begun keeping monetary transaction with Iran through its Halk Bank\[691\]. Turkey is
even doing banking exchange with Iran despite Western sanctions. Hence for Pakistan
being neighboring country of Iran can take more advantages with the guidelines from
Turkey. Additionally China has planned particularly a banking network while

\[689\] R. M. Ayyub, Adeela Rana, Abdul Rahman, Abdul Bagi, And Abdul Aziz Al-
Thomaly, “Exploring Future Markets For Pakistani Halal Meat
Export,” *International Journal Of Social Entrepreneurship And Innovation* 22,

\[690\] Arang Keshavarzian, *Bazaar and state in Iran: The politics of the Tehran

\[691\] Nader Habibi, “Turkey And Iran: Growing Economic Relations Despite Western
working with Iran. Kunlun Bank of China is an example for working with Iran.\textsuperscript{692} India is additionally expanding its business ties with Iran through United Commercial Bank which is Calcutta based.\textsuperscript{693} Subsequently, Pakistan ought to have likewise planned some proper system to begin banking transactions to advance its business with Iran.

US clearly opposed IP project. The major objective behind the opposing position of US was to isolate Iran in terms of political and economic. Hence, US further motivated Pakistan to search for alternate options of energy resources like TAPI in 2010. Further US were affecting the IPI project by providing other options of energy resources to Pakistan. US also motivated Pakistan to import LNG and electricity through Wakhan corridor from Tajikistan. US many times repeated that sanctions are being imposed on Iran hence Pakistan and India should remain away from the project. Otherwise US were going to take serious actions against Pakistan according to Iran sanctions act. On the other hand Pakistan was insisting on IPI project and demanded exemption from US regarding Iran sanctions act, as US already provided same exemption to India and China. India and China are importing oil from Iran then why Pakistan cannot import gas resources.

No doubt there are some challenges in the way of IPI project but both countries have already signed the IPI agreement. Iran has second position in the world in terms of its natural oil and gas reserves.\textsuperscript{694} Henceforth Iran is intending to sale his resources to generate revenue for her economic development which badly affecting since US has imposed sanction over Iran. Implementation on the agreement by both sides will beneficial for both countries. Especially for Pakistan it will be more beneficial as already worst energy crises Pakistan is confronting. Hence following are

\textsuperscript{692} Kelsey Davenport, “Future of Iran Talks in Question,” \textit{Arms Control Today} 42, No. 7 (2012), p. 28.

\textsuperscript{693} Nidhi Verma, “India Asks EU to Clarify Stance on Iran Oil Insurance,” \textit{Times of India}, March 22, 2013.

major suggestions to develop the IPI project for the sake of economic development especially in both neighbors and particularly for the region.
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