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THE IMPACT OF THE GAS PIPELINE PROJECT ON STRENGTHENING IRANIAN-INDIAN RELATIONS (1989-2005)

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ABSTRACT
Objectives:
This study aims to examine the impact of the gas pipeline project proposed between Iran and India in 1989 on the development of their bilateral relations. The objective behind the project was to enhance the economic and strategic ties between the two nations through energy cooperation.
Methods:
The study adopts a historical and analytical approach by reviewing political and economic negotiations that occurred during the presidencies of Hashemi Rafsanjani (1989–1997) and Mohammad Khatami (1997–2005). It also analyzes secondary sources related to regional dynamics, international pressures, and economic feasibility.
Results:
Despite continuous discussions and mutual interest, the project failed to materialize. Major obstacles included the high financial cost, political pressure from the United States due to sanctions on Iran's nuclear program, and security concerns stemming from the India–Pakistan conflict over Kashmir, especially since the proposed pipeline route passed through Pakistani territory.
Conclusions:
Although the pipeline project was not implemented during the studied period, it represented a strategic attempt to build long-term cooperation between Iran and India. The research highlights the significant role of energy diplomacy and infrastructure in shaping international relations.

Keywords: gas pipelines, bilateral relations, Iran, India, energy cooperation.

أثر مشروع خط أنابيب الغاز على تعزيز العلاقات الإيرانية الهندية (1989-2005)

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ملخص
الأهداف:

تهدف هذه الدراسة إلى فحص أثر مشروع خط أنابيب الغاز المقترح بين إيران والهند في عام 1989 على تطوير العلاقات الثنائية بين البلدين. كان الهدف من المشروع هو تعزيز الروابط الاقتصادية والاستراتيجية بين الدولتين من خلال التعاون في مجال الطاقة.

الطرق:

تتبنى الدراسة منهجًا تاريخيًا وتحليليًا من خلال مراجعة المفاوضات السياسية والاقتصادية التي حدثت خلال رئاسات هاشمي رفسنجاني (1989–1997) ومحمد خاتمي (1997–2005). كما تحلل المصادر الثانوية المتعلقة بالديناميات الإقليمية، والضغوط الدولية، والجدوى الاقتصادية.

النتائج:

على الرغم من المناقشات المستمرة والاهتمام المتبادل، فشل المشروع في التحول إلى واقع. وشملت العقبات الرئيسية التكلفة المالية العالية، والضغط السياسي من الولايات المتحدة بسبب العقوبات المفروضة على البرنامج النووي الإيراني، والمخاوف الأمنية الناتجة عن النزاع الهندي-الباكستاني حول كشمير، خاصة أن مسار خط الأنابيب المقترح كان يمر عبر الأراضي الباكستانية.

الاستنتاجات:

على الرغم من عدم تنفيذ مشروع خط الأنابيب خلال الفترة المدروسة، إلا أنه يمثل محاولة استراتيجية لبناء تعاون طويل الأمد بين إيران والهند. تسلط الدراسة الضوء على الدور الكبير للدبلوماسية الطاقية والبنية التحتية في تشكيل العلاقات الدولية.

الكلمات الدالة :خطوط أنابيب الغاز، العلاقات الثنائية، إيران، الهند، التعاون الطاقي.

1. Introduction

Iran and India have maintained good political and economic relations for a long time, with cooperation between the two countries continuing in various fields, among which the economic aspect is the most significant, particularly in the trade sector. Oil and gas have been among the most important products imported by India from Iran. Accordingly, the two countries signed a project for a gas pipeline from Iran to India, passing through Pakistan—which has strained relations with India due to the disputed Kashmir region. This project is referred to as the "Peace and Friendship Pipeline," originating from Iranian territory to reach India, which is in dire need of Iranian gas to fuel its industries.

Iran and India signed the aforementioned project in 1989 during the presidency of Iranian leader Akbar Hashemi Rafsanjani (1989-1997). However, obstacles that hindered the implementation of the project, particularly Pakistan's hesitation to sign on for a project transiting its territory, led to delays. Efforts to implement the gas pipeline project continued during the presidency of Mohammad Khatami (1997-2005), but American pressure on India and Pakistan, who believed that the project would primarily benefit Iran—already under economic sanctions for its nuclear program—coupled with the high costs of the project and Pakistan's reluctance to proceed, prevented its execution.

The research is divided into two main axes. The first axis discusses the idea of extending the gas pipeline between India and Iran (the Peace and Friendship Pipeline) and its impact on developing their economic relations during the period from 1989 to 1997, noting the negotiations that took place between Iran and India for the project's implementation. The second axis addresses the continued Iranian-Indian efforts to extend the gas pipeline and enhance economic relations during the years 1997 to 2005, detailing the endeavors made by both countries during Khatami's presidency to implement the gas pipeline project passing through Pakistani territory. Despite Pakistan being offered a share of Iranian gas, these efforts ultimately failed amidst increasing

American pressure on India and Pakistan to prevent the execution of a project that was primarily seen as advantageous to Iran, according to the United States.

The research relies on several foreign English and Indian sources, as Arab sources have not adequately addressed the mentioned project, especially since this topic has not been sufficiently highlighted in historical studies.

2. The Concept of a Gas Pipeline between India and Iran (The Peace and Friendship Pipeline) and Its Impact on Economic Relations from 1989 to 1997

The idea of the gas pipeline was based on the discovery of the South Pars gas field in 1988, which is shared between Iran and Qatar. The field was discovered by the National Iranian Oil Company and is referred to as the Iranian portion of the South Pars gas field. In Qatar, it is known as the North Field or the North Dome, located in the territorial waters between Iran and Qatar in the Arabian Gulf. This field is one of the main sources of gas in Iran, covering an area of 9,700 square kilometers, with 3,700 square kilometers owned by Iran and the remainder by Qatar. The South Pars gas field is situated in the southwestern part of Iran and is estimated to contain approximately 14 trillion cubic meters of gas reserves and about 1.73 billion metric tons of gas condensates (Ninugthugam, 2015, p.44).

The development of this field constitutes an important agenda for the Iranian government, as it contains nearly 40% of Iran's total proven natural gas reserves. It is managed by the Pars Oil and Gas Company, a subsidiary of the National Iranian Oil Company. A total of 24 phased plans have been designed for the development of this field, with the first ten phases allocated for domestic consumption and reinjection, while the remaining phases were designated for export (Maleki, 2013, p.65).

To export this gas to the Asian market, the establishment of a pipeline was proposed in 1989. To gain momentum for the proposed project, Iranian Acting Deputy Foreign Minister Ardekani and Archie Pachauri, then Director General of the Tata Energy Research Institute in New Delhi, were asked to present project details at the annual international conference of the International Association for Energy Economics held in New Delhi on January 3, 1990. The initial estimated cost of the project was around $4 billion. The basic features of the proposed pipeline were based on the infrastructure and needs of Iran, Pakistan, and India at that time. Initially, the proposal had little impact, but over the following years, it became an important part of India's energy strategy (Zhao, 2013, p.65).

Initially, the pipeline was scheduled to start with a capacity of 36.49 billion cubic meters from Bandar Abbas, the oldest port in Iran. Iran planned to accommodate approximately 10% of this, around 3.64 billion cubic meters for domestic use. However, with the development of the relatively closer Assaluyeh port to the South Pars gas field compared to Bandar Abbas, it was decided that the pipeline, which is 2,775 kilometers long, would start from the South Pars gas field in southern Iran, the largest gas field in the world. It would pass through the cities of Khuzdar and Multan in Pakistan over a distance of 1,115 kilometers, reaching India by traversing 760 square kilometers through Gujarat State in India. The pipeline would continue through Indian territory until its final destination, 900 kilometers from Banner City in Rajasthan, India. If Pakistan were to oppose the flow of gas to India for any reason, India would be capable of cutting off the gas flow to Pakistan. Under the $4 billion contract between India, Pakistan, and Iran, approximately 27 billion cubic meters of gas would be exported annually from Iran to these countries, equating to 150 million cubic meters of gas daily, with Pakistan receiving 60 million cubic meters daily and India receiving 90 million

cubic meters. The proposed duration for the project is twenty-five years, with the possibility of extending it for an additional five years (Ghost, 2009, p.78).

The project components included a gas gathering system and a gas processing system to remove hydrogen sulfide and natural gas liquids. Gas was to be compressed in the gathering system, dried, processed, and fed into a plant for extracting liquids and heavier hydrocarbons, achieving the required gas quality for transport (Goud & Mukherjee, 2014, p.54).

Despite the significant importance of the project in terms of energy for the three countries, the initial reactions, particularly from India and Pakistan, were negative and skeptical. The deterioration of relations between India and Pakistan over Kashmir poses a major obstacle to advancing this project, as their disputed relationship raises concerns regarding the security of the pipeline. Nonetheless, the necessity of local needs for Iran and India, along with the economic advantages, compelled both nations to proceed with the Iran-India pipeline (Nandi, 2016, P.7).

The economic and political implications of implementing this project are so substantial that the three countries (Iran, Pakistan, and India) cannot afford to ignore them, primarily due to the advantages of gas supply from Iran, which include the following:

1. The project generates significant foreign currency income for Iran that is unaffected by market fluctuations, playing a notable role in enhancing Iran's regional standing. Additionally, it provides inexpensive and affordable gas to both India and Pakistan, potentially yielding $2 billion for India and $400-600 million in transit revenue for Pakistan in critical situations.
2. In light of environmental concerns and the rapid and alarming rise in global oil prices, increasing the use of natural gas for consuming countries will be more economical and reasonable. The Iranian gas transmission project to India and Pakistan could ensure a safe and affordable gas supply for these two countries over the next two hundred years (Wesley, 2007, p.43).
3. The establishment of such an extensive pipeline would create job opportunities for local populations by providing security along the route, particularly in Pakistan's Balochistan province. It would also cleanse Iran's eastern borders of terrorists, enhance security, create jobs, and reduce the propensity for violence and drug trafficking among the region's inhabitants.
4. The most significant achievement of the peace pipeline is its potential to reduce conflicts and clashes among the countries involved in the project. The term "peace" associated with this pipeline implies the existence of contentious and violent areas, with the pipeline's passage through these regions transforming the atmosphere of violence into one of friendship and peace. Furthermore, the pipeline may assist in diminishing conflicts between India and Pakistan and regional disputes in Afghanistan, potentially aiding in the resolution of their historical conflicts through Iranian mediation, thus laying the foundation for economic growth in the region.
5. The peace pipeline would create economic, political, and security interdependence among Iran, India, and Pakistan while reducing security threats to Iran due to multilateral security interconnections (Shukla, 2009, p.43).
6. The pipeline could provide new opportunities for attracting foreign investments, mitigating threats and risk factors, and fostering political and economic stability in the region, especially if East Asian countries such as China and Japan join and connect the pipeline to the Caspian Sea. If this idea materializes, West Asia and Iran

will play a significant role in securing energy for Eastern and Southeastern Asia (Ninugthugam, 2015, p.32).

Although Indian economic exporters are certain that the Iran-India-Pakistan pipeline is the best means of enhancing energy relations between Pakistan and India, having the pipeline pass through Pakistan has some security issues for India. The policymakers of India are concerned fiercely about the possibility of Pakistan halting supplies during any military or diplomatic crisis between the two countries. Yet, others believe that the pipeline can be utilized to connect Pakistan with global guarantees (Pant, 2015, p.55).

The first official initiative to build a pipeline for transporting natural gas from the South Pars field to India was undertaken on July 6, 1993, with the signing of a Memorandum of Understanding regarding the overland natural gas pipeline between Indian Oil Minister Satish Sharma and Iranian Oil Minister Gholam Reza Aghazadeh (Ahmed, 2007, P.102).

The two parties also agreed to form a committee to study the feasibility of constructing the pipeline project and establishing a chemical fertilizer plant on Qeshm Island. Given its strong fundamentals, the Australian company BHP Billiton, one of the largest mining companies in the world with investments in energy and mining projects in India, has been promoting the project since then. However, Pakistan strongly rejected the idea of allowing the gas pipeline to India using Pakistani territory, as periodic tensions between India and Pakistan over terrorism issues have created distrust between the two countries, leading to the failure of the memorandum's implementation (Verma, 2009, p.11).

On September 14, 1993, Indian Prime Minister Narasimha Rao visited Tehran, resulting in discussions about constructing a pipeline to supply India with Iranian natural gas and allowing India to develop transit facilities in Iran for Indian products destined for the landlocked Central Asian republics. Notably, since the early 1990s, India has become a major energy importer, hence the need to improve relations with energy-exporting countries, which can be considered a significant factor in the enhancement of bilateral relations with Iran (The Times of India, 1993).

The talks with India did not take a tangible form until Iranian Minister of Heavy Industry Nizad Hosseinian visited India on November 10, 1993. During that visit, Hosseinian had important discussions with the Indian side regarding the pipeline transporting Iranian gas to India, with an estimated cost of around $3-4 billion. The Iranian minister informed India that Iran was ready to agree with another party to fund the project if the Indian government could not bear those costs, especially since Japanese companies had shown a complete willingness to cover those expenses (Hindustan Times, 1993).

In 1994, technical experts from both countries decided to launch an international tender. About six multinational consortia attempted to finance the pipeline project and submitted concrete proposals. While the Iranians had experience in laying pipelines, the Indians possessed the technology needed to manufacture pressure pipes for underwater use. The British company Matt Macdonald, which specializes in providing diverse services including engineering and contracting, along with the Australian company Broken Hill Petroleum, which focuses on energy project development, offered to build the pipeline for the Iranian government if India was unable to do so (Pant, 2010, P.7).

In this context, a spokesperson for the Pakistani Ministry of Foreign Affairs announced on February 2, 1994, that Pakistan had, in principle, agreed to provide facilities for Iran to deliver its gas to India via a pipeline passing through Pakistan. The

Pakistani government disclosed this in Parliament, clarifying that India and Iran had signed an agreement to supply gas through a pipeline that would pass through Pakistan; however, those negotiations were not yet complete (Noori, 2003, p.3).

On March 2, 1994, Indian Oil Minister Satish Sharma informed his government that Iran had guaranteed the supply of 56 million cubic meters per day, equivalent to 20 billion cubic meters annually, of natural gas to India, and that India should make joint efforts with Iran to advance the pipeline project (The Times of India, 1994).

The increasing pressure on gas resources to meet the rising energy demand prompted Pakistan to propose a separate gas pipeline for importing natural gas from Iran. Therefore, on April 5, 1995, Pakistan and Iran signed a preliminary agreement to build a 1,400-kilometer overland pipeline for gas export, linking the South Iran gas field to Karachi at a cost of $3 billion. This route did not include the city of Multan in Pakistan, nor did it entail transporting gas to India (Roy, 2010, P.15).

During Iranian President Hashemi Rafsanjani's visit to India on April 17, 1995, Indian officials informed him that establishing a gas pipeline between India and Iran seemed like a good idea; however, there were insufficient funds to finance such costly projects, especially since Tehran's anti-U.S. stance had closed the doors of international financial institutions to them (Sissakh, 2012, P.133).

On April 19, 1995, India and Iran decided to expedite the feasibility study for the gas pipeline project and to complete it by the end of the mentioned year. This decision was announced during the joint Indo-Iranian statement issued at the conclusion of Rafsanjani's three-day visit to India. The two countries also agreed to cooperate in the railway sector and to urgently address the financing issue for these projects in order to find economically viable solutions. They emphasized the importance of continuing to strengthen mutually beneficial social and economic ties with Central Asian countries and enhancing regional economic cooperation (The Times of India, 1995).

India remained an important market for Iranian gas, leading to several meetings between India and Iran that resulted in the formation of various committees to discuss the feasibility of the pipeline project. However, negotiations between Iran and India regarding the natural gas pipeline collapsed on May 27, 1996, as Pakistan refused to allow Blew GmbH, a German company engaged in various fields including engineering and design, to commence marine surveys for a potential underwater pipeline route extending from the Iranian gas field in Bandar Abbas to the port in Gujarat, western India (Al-Yasar, 2011, P.22).

Thus, the ongoing disputes between India and Pakistan, along with U.S. opposition to the Iranian-Indian-Pakistani gas pipeline project, contributed to delays in the project's completion, with negotiations continuing well into the 1990s.

3. Continuation of Iranian-Indian Efforts to Extend the Gas Pipeline and Enhance Economic Relations between the Two Countries (1997-2005)

On February 23, 1997, Indian Foreign Minister Inder Kumar Gujral left India for Tehran on a two-day official visit to attend the ninth session of the Indo-Iranian Joint Commission, as well as to discuss the Iranian gas pipeline project. During his visit, Gujral met with Iranian President Ali Akbar Hashemi Rafsanjani, Iranian Parliament Speaker Nateq Nuri, and Foreign Minister Ali Akbar Velayati. In discussions with Iranian officials, he referred to the gas pipeline project, stating, "Discussions between the two countries regarding the Iranian-Indian gas pipeline have been ongoing since 1993. A project of this size and nature involves complex studies with far-reaching

implications, and the examination process is still ongoing" (Cohen & Graham, 2008, P.3).

On February 5, 1999, Iran signed an initial preliminary agreement with India, agreeing to the idea of bilateral cooperation. Two months later, on April 4 of the same year, a bilateral committee of businessmen and government officials was formed to consider the economic and industrial feasibility of the pipeline. Additionally, on September 5, talks were held between the National Iranian Gas Company, Gail (India), and the Ministry of Oil and Natural Gas to discuss the feasibility report for the pipeline project (The Times of India, 1999).

The concept was again floated in December 1999, with the Federal Minister Usman Aminuddin assuring to revisit the old government's position for national interests. He further said that the government could earn up to $500 million to $700 million by merely offering the transit of Iranian gas to India and some of the neighboring countries from multinational gas pipeline projects. The announcement of the backing of the pipeline project was given after technical talks among Pakistani and Iranian Ministries of Oil officials were completed, in which thorough negotiations were conducted over the Iranian-India gas pipeline from Iran to be put overland via Pakistan. The Pakistani delegation assured the Iranians of their full backing for the pipeline through Pakistani territory to India (Singh, 2008, P.12).

Since the benefits to Pakistan from the pipeline were economic, besides meeting its energy needs, Pakistan officially agreed to join hands with India and Iran on March 5, 2000, when the Director General of Pakistan's Oil Industry visited Iran. During this visit, he informed the Iranian leadership that Pakistan's time-tested relationship with Iran was more valuable than uncertain cross-border relations with India, and that Pakistan could not afford to lose a friend like Iran due to the failure of the gas pipeline project for small political or diplomatic gains. Iran and Pakistan reached agreements on several pipeline matters, such as its security in Pakistan, the duration of its construction, and the length (The Times of India, 2000).

On July 5, 2000, Pakistan announced that it would continue to work with India on the pipeline project, with the Pakistani Minister of Energy declaring absolute security for the pipeline to the Indian and Iranian governments. However, the security of the pipeline on Pakistani territory remained a concern for India, leading to skepticism regarding the project (Hindustan Times, 2000).

As part of the diplomatic initiative, Indian External Affairs Minister Jaswant Singh visited Iran on May 20, 2000. The official reason for his visit was to attend the eleventh session of the Indo-Iranian Joint Commission, where cooperation between the two countries on various issues was discussed. Though India was dilly-dallying on the entire gas pipeline issue, there was a strong undercurrent for Jaswant Singh's visit. He welcomed the accession of Pakistan to the project, stating, "It is a trilateral agreement between India, Iran, and Pakistan, and the contracting parties have to address the basics of the project (Shtaman, 2012, P.7).

Under these circumstances, Iran and India formed a joint bilateral committee not only to explore available options for transporting Iranian natural gas to India but also to study all aspects of the issue related to the transfer of Iranian gas to India. During the first meeting of the joint committee held in Tehran on August 19 and 20, 2000, both parties discussed the issue of transporting Iranian gas to India through various options (Jain & Pasha, 1996, P.54).

In the second meeting of this joint committee, which took place in New Delhi on November 22 and 23, 2000, both parties agreed to commission a feasibility study regarding the deep-sea route based on shared cost distribution (Sissakh, 2012, P.54).

Indian Foreign Minister Jaswant Singh expressed his satisfaction with the developments concerning the India-Iran gas pipeline. He stated to Iranian Deputy Foreign Minister for Economic Affairs Mohammad Hossein Adeli in New Delhi on November 24, 2000: "Regarding India's urgent and increasing need for natural gas and Iran's rich gas resources, we value the extension of the gas pipeline between India and Iran… I do not hesitate and will spare no effort in supporting the expansion of relations with Iran and achieving that goal" (Roy, 2010, P.26). Adeli's response was completely in tune with the Indian sentiment, as he remarked: "This is not a political project; it is a project based on commercial merits, and the main parties involved are Iran and India, with no third party" (Sissakh, 2012, P.34).

On November 25th, 2000, Pakistani President Muhammad Rafiq Tarar reiterated that Pakistan wanted to allow indefinite gas supply to its neighboring India through a pipeline from Iran. Since New Delhi pushed for political guarantees from the Iranian government, Iran also agreed to provide state-to-state guarantees on behalf of Pakistan. According to the new proposal, the Iranian government assured the Indian government that in the event that Pakistan ever suspends gas supply to India, Tehran would supply India with the same amount of liquefied natural gas at the same price. Iran also assured the Indian government that it would immediately stop gas supply to Pakistan if Islamabad suspends gas supply to India. These guarantees not only firm but were given after receiving necessary documentary support of Pakistan. Pakistani authorities also guaranteed the government of Iran that Pakistan would at all times comply with its international commitments regardless of the political or security situation of the region (Pandey, 2012, P.55).

To give momentum to the proposal, both parties held the third India-Iran Joint Committee meeting ahead of schedule on February 13-14, 2001, in Tehran to further discuss the matter. However, the interest shown by Iran and Pakistan in the pipeline led to the signing of an agreement to conduct a preliminary feasibility study (The Times of India, 2001).

On June 12, 2001, in New Delhi, the fourth meeting of the Joint Committee regarding the transfer of Iranian gas to India took place, chaired by the Iranian Deputy Foreign Minister for Economic Affairs, with the Indian side represented by the Foreign Ministry Advisor. At the end of the meeting, both sides agreed to form a joint technical sub-committee to delve into the technical details of all options related to supplying Iranian gas to India (Ninugthugam, 2015, P.43).

On December 23, 2002, Iranian President Mohammad Khatami, accompanied by a delegation, visited the Pakistani capital Islamabad for three days. Khatami and his accompanying delegation held separate meetings with Pakistani President Pervez Musharraf, Prime Minister Mir Zafarullah Khan Jamali, federal ministers, and senior Pakistani officials. The discussions focused on the gas pipeline between Iran, Pakistan, and India. Both countries expressed their eagerness to enhance economic relations, particularly concerning the gas line, which had not been finalized due to deep tensions between India and Pakistan. During his visit, Khatami offered to alleviate hostilities between the two nuclear neighbors in South Asia and address any reservations regarding the gas pipeline. However, Pakistani Foreign Minister Khurshid Mahmood Kasuri clarified that his government supported the project and provided all forms of

international guarantees to the Iranian government to reassure the Indian government that there would be no interruption if the pipeline were extended through Pakistani territory. He stated that any resistance would come from the Indian government (Iran News Agency, 2002). At the conclusion of his visit to Pakistan, Khatami emphasized that the pipeline would yield significant economic benefits for the three countries, addressing a gathering of businesspeople in Lahore, he stated: "It is a line of peace and friendship" (Allentown newspaper, 2002).

On January 25, 2003, Iranian President Mohammad Khatami signed the New Delhi Declaration with his Indian counterpart Atal Bihari Vajpayee. The declaration highlighted the cooperation between the two countries in the energy sector and the advancement of the gas pipeline project (Sharma, 2011, P.88).

Both countries had a range of options for transporting gas from Iran to India. The first option, which is the cheapest and easiest, involves constructing a land pipeline from India to Iran through Pakistan. The second option is a shallow water pipeline that extends along the continental shelf of Pakistan and India, and according to maritime law, pipelines located on the edge of the continental shelf require only border demarcation. The third option is to lay pipelines on the seabed from the Strait of Hormuz to the Arabian Sea; this option is the most expensive among the others. The fourth option is transporting liquefied natural gas by tankers, which was operational. Although this option is safer than the others, its costs are significant. Given the prices at that time, this option required $2 billion for a liquefaction unit, $200 million for a liquefied natural gas tanker, $500 million for a regasification facility, in addition to internal pipelines (Cheema, 2014, P.87).

The Indian government strongly opposed the overland route for the pipeline through what it now considers a hostile area (Pakistan), while Iran insisted on the overland route, arguing that its gas pipeline is a commercial project. Pakistan, under General Pervez Musharraf, accepted the deal, stating that it had no objections to the proposal and wished to expedite it. Meanwhile, the Indian government faced significant pressure from the United States and a well-known industrial company in the refining sector to change its stance, complicating the project (Bhorie, 2012, P.84).

In response, India rejected this, indicating that the overland route could jeopardize energy security. Indian Foreign Minister Jaswant Singh stated at a press conference on June 3, 2003, that the matter would be left to Iran, as the seller, to ensure that gas reaches the buyer without any obstacles. The government is also exploring the possibility of opening travel points along the Line of Control between Jammu and Kashmir to facilitate the passage of genuine visa holders. This proposal has remained on the table for some time and may be one of the measures agreed upon by the two heads of state when they met in July of the same year (Iran News Agency, 2003).

On November 24, 2004, Pakistani Prime Minister Shaukat Aziz met with Indian President Manmohan Singh. During the meeting, the Pakistani Prime Minister invited India to participate in the Pakistan-India gas pipeline project, which costs $4 billion, in an attempt to facilitate further integration between South Asian economies. The Pakistani Prime Minister and the Indian President discussed ways to follow up on joint energy projects as a means to meet the rapidly growing oil and gas needs of both countries. The Pakistani Prime Minister officially invited India to participate in the gas pipeline linked to the massive gas fields in Iran, noting that such cooperation could significantly reduce energy development costs, as well as stimulate cooperation in other ways. The Pakistani Prime Minister emphasized that Islamabad is keen on the gas

pipeline project even if India does not commit to investment, stating, "We have asked the Indian government to join us in this project; however, if they have other energy sources, Pakistan will proceed with the pipeline for its own use" (Zhao,2013, P.122).

Simultaneously, Indian officials expressed interest in partnering with Pakistan on the pipeline but indicated that they would require substantial security guarantees from General Musharraf's government. They clarified that this could only be achieved if relations between India and Pakistan improved (Mukherjee, 2014, P.19).

On another note, Indian Oil Minister Mani Shankar Aiyar stated after his meeting with the Pakistani President: "We should not advance in one field without making progress in others. Islamabad could earn hundreds of millions of dollars in transit fees if a pipeline connecting India to Iran, which has the second-largest gas reserves in the world after Russia, is built. India produces half of its natural gas needs while its consumption is rapidly increasing" (Iran News Agency, 2004).

After 2004, there was significant enthusiasm for the project. On several occasions, the Indian Ministry of Oil responded to inquiries from its parliamentary colleagues, stating that due to the rising demand for natural gas, it is important for India to explore all options for gas supply, including the pipeline project from Iran through Pakistan to India (Noori, 2003, P.65).

The year 2005 was crucial for the mentioned gas pipeline project. In the absence of any other alternative for a gas pipeline, India was compelled to join the project to meet the increasing demand for gas. On February 9 of the same year, the Indian MP&NG company, which operates in the natural gas and energy sector, was authorized to negotiate with Iran and Pakistan regarding the overland gas pipeline extending from Iran to India through Pakistan, taking into account security concerns and costs. As a result, India began negotiations with both countries to achieve a safe and globally secure project, and the three countries decided to form a joint working group for regular meetings concerning the project (Ahmed, 2007, P.45).

The gas pipeline project came under pressure from the United States in light of the Indo-U.S. nuclear agreement in 2005. During her visit to India on March 15, 2005, then-Secretary of State Condoleezza Rice publicly expressed her concerns regarding India's interest in constructing a gas pipeline connecting Iran, Pakistan, and India. The Indian government promoted the project as a confidence-building measure with Pakistan, which could also benefit the United States. However, the George W. Bush administration opposed it on the grounds that it might invigorate the Iranian energy sector and open new avenues for oil and gas exports from the Caspian Sea region through Iran. Such a project could provide vital revenues for Tehran, which faced punitive economic sanctions due to its controversial nuclear program, undermining U.S. policies aimed at isolating Iran (Hindustan Newspaper, 2005).

Despite U.S. objections, India and Pakistan decided in a joint statement on April 18, 2005, to pursue the project, initially estimated at $4 billion (The Times of India, 2005). The contentious points for India included pricing, transit fees for Pakistan, and Pakistan's assurance of supply security. However, from the Iranian side, there were significant logistical constraints that made liquefied natural gas (LNG) trade extremely challenging at that time in 2005. Iran lacked the liquefaction technology, and acquiring such technology was difficult due to U.S. sanctions that specifically prevented companies from selling it. Even in a hypothetical scenario where India sought to explore options for continuing LNG trade with Iran, it recognized that Iran also lacked

the essential LNG carriers, which are the primary means of transporting natural gas to external markets (Iran News Agency, 2005a).

To exchange views, Indian Minister of Petroleum and Natural Gas Mani Shankar Aiyar visited the Pakistani capital Islamabad from June 4 to 8, 2005. During this visit, Aiyar met with his counterpart Amanullah Khan Jadoon, and both sides agreed that the gas pipeline would play a crucial role in meeting their energy security requirements. They agreed to exchange information regarding financial structure, technical, commercial, legal issues, and related matters to achieve a safe and world-class project. To this end, the two countries were willing to form a joint working group, deciding to alternate meetings in India and Pakistan, marking significant progress towards procedural advancement of the project. This led to the signing of a Memorandum of Understanding on July 7, 2005, between Iranian Oil Minister Bijan Namdar Zanganeh and Pakistani Minister of Oil and Natural Resources Amanullah Khan Jadoon to involve India in the gas pipeline project (The Times of India, 2005).

Consequently, the land gas pipeline starting from the Assaluyeh port in Iran to India through Pakistan will span 2,775 kilometers, with Iran, Pakistan, and India sharing 1,115 kilometers, 760 kilometers, and 900 kilometers, respectively. Each country also decided to construct its sections of the pipeline. By making this decision, Pakistan and India positioned themselves to avoid U.S. sanctions on Iran and Libya, which prohibit foreign investments in Iran exceeding $20 million annually, as the domestically built pipeline was not considered a foreign investment in Iran. By forming their sections, both countries successfully circumvented the sanctions related to U.S. laws on Iran and Libya. Since the pipeline is a capital-intensive project, the initial estimated construction cost was around $4 billion (Sissakh, 2012, P.76).

On July 1, 2005, joint working groups were formed for the three countries (Iran, Pakistan, and India), aimed at meeting regularly to discuss progress on the gas pipeline project and inform their respective ministers for decision-making. Among these groups were the Iran-Pakistan Joint Working Group, the India-Pakistan Joint Working Group, and the Iran-India Joint Working Group. The first meeting of the India-Pakistan Joint Working Group took place in New Delhi from July 12 to 13, 2005, with the Pakistani delegation represented by Ahmad Waqas, Secretary of the Ministry of Oil and Natural Resources, while the Indian delegation was represented by S.C. Tripathi, Secretary of the Ministry of Petroleum and Natural Gas. Both sides reaffirmed their commitment to the project. Concurrently, India continued discussions with Iran through the Joint Working Group, with the Iranian delegation visiting India for the first meeting of the Joint Working Group on August 4, 2005. Furthermore, India and Pakistan agreed to sign an energy charter, a multilateral agreement encompassing cooperation in the energy sector to enhance security through operating more open and competitive energy markets, facilitating the pipeline further (Iran News Agency, 2005b).

Although the completion of the Peace Pipeline is economically viable, there are several issues and obstacles that have hindered the implementation of this project, including the following (Wesley, 2004, P.77; Shukla, 2009, P.87; Ahmed, 2007, P.44; Al-Yasar, 2011, p.33; Shtaman, 2012, p.63; Roy, 2010, P.104):

1. India's fear that Pakistan may exploit the pipeline and create problems by not transferring gas to India, especially since both parties are in a continuous conflict over the Kashmir issue.

2. The second major obstacle to the completion of this pipeline project is the pressure exerted by the United States on both India and Pakistan, along with its opposition to the project for several reasons:
   - Americans believe that this project will reduce economic problems and increase Iran's income, which contradicts U.S. policies in the region.
   - This pipeline could create a dangerous backdrop for other countries, particularly Iran, as it seeks ways to transport oil and gas from the Caspian Sea.
   - The pipeline would strengthen relations and friendships among the three countries: Iran, Pakistan, and India.
   - This project would enhance Iranian penetration in the Arabian Gulf.
3. In addition to the aforementioned issues, there are other topics such as the disagreement over the transit price for exporting Iranian gas between India and Pakistan and the delivery of Iranian gas at the Pakistan-India border instead of the Iran-Pakistan border, as well as the determination of the price formula, which have created obstacles in completing this project. In general, it can be said that constructing a gas pipeline from Iran to South Asia involves numerous benefits that far outweigh the potential concerns, which is why the three countries are determined to establish this project.
4. Pakistan's inability to make a firm political decision to allow the pipeline to cross into India through its territory.
5. Israeli pressure on India to prevent the launch of the pipeline, as Israelis and Americans proposed alternative routes for India, such as through Afghanistan and Turkmenistan, with India's goal being to reduce its political and economic relations with Iran.
6. The United States has been considered one of the staunch opponents of the Peace Pipeline project, consistently attempting to halt its development and providing energy needs for India and Pakistan through a pipeline extending from Turkmenistan to Afghanistan and then to Pakistan, supplying India with its energy requirements through Gulf countries or via new nuclear reactors.
7. Some academics and political analysts attribute the failure of the pipeline project to geopolitical factors; however, India, by citing pricing and security factors as deterrents to joining the pipeline project, has attempted to downplay the role of geopolitics in the decision-making regarding the project.
8. Trade restrictions justified and significantly contributed to India's withdrawal from some trilateral negotiations. First, in order for the participating entities to initiate oil or gas exploration projects, they require capital and investments. However, due to existing national laws, Iran did not permit potential investment companies to commit to production-sharing contracts, allowing them only the option to operate through a technical services contract. As a result, many international companies were reluctant to invest in Iran.
9. The gas pricing formula proposed by Iran was often unacceptable to both India and Pakistan, with Iran firmly rejecting alternative price proposals, leading to delays in the project's completion.

The completion of this pipeline project among Iran, India, and Pakistan is still ongoing. Nevertheless, studies have indicated that establishing this line is economically and technically feasible; however, the project's realization largely depends on the political will and serious decisions of the leaders of these three countries, particularly in

disregarding the pressures imposed by the United States to halt its implementation (Sissakh, 2012, P.142).

4. Conclusion

After discussing the impact of the gas pipeline project on enhancing Iranian-Indian relations from 1989 to 2005, the following conclusions can be drawn:

The idea of establishing a gas pipeline connecting Iran to India through Pakistani territory presented an opportunity for the three countries to gain advantages and benefits from the project. Consequently, Iran and India signed the project agreement in 1989, particularly following the end of the Iran-Iraq War and Iran's need to develop its economy by selling oil and gas to other countries.

India, which had witnessed significant industrial growth, believed that direct access to Iranian gas via the aforementioned pipeline would ensure a smooth and rapid flow of gas with reduced costs. However, India's strained relations with Pakistan over the disputed Kashmir region posed a significant obstacle to the project's implementation, serving as one of the reasons for its failure to materialize.

Despite the diplomatic efforts undertaken by Iranian President Hashemi Rafsanjani and his dialogues with Indian leaders to implement the project, significant hurdles remained. These included the exorbitant costs of the project and India's inability to allocate the necessary resources, not to mention the tense Iranian-American relations due to sanctions imposed by the latter on the former, which pressured India to halt the project's execution.

Moreover, the endeavors of Iranian President Mohammad Khatami, including his visit to India and meetings with Indian officials, as well as his visit to Pakistan to persuade them of the importance and benefits of executing the project, ultimately failed to convince India to proceed. Despite the project's significance for all parties involved, it stagnated and did not come to fruition.

It is also evident that the American pressures on India and Pakistan—both of which maintain significant relations with the United States—were among the reasons for the failure of the gas pipeline project. Consequently, the non-implementation of the project represents an economic loss for all parties that signed onto it.

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