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Great Powers, Core Members, and the Fate of Regional Cooperation: A Study of Indian and the US Behavior towards India-Pakistan-Iran Gas Pipeline Project

Manzoor Ahmad Naazer*Assistant Professor, Department of Politics & International Relations, International Islamic University, Islamabad. Pakistan.***Corresponding Author Email ID: manzoor.ahmad@iiu.edu.pk*

ABSTRACT

This paper elucidates the significance of the role and behavior of a core member - occupying a central position and politically, militarily, and economically superior to others - and the outside great or superpower for the success of the process of regional cooperation especially in the developing world. The core state plays a vital role in either success or failure of any regional cooperative arrangement. Outside powers, especially the great or superpowers can also affect the fate of regional schemes. Moreover, the nature of relations between the core member state and an outside great or superpower also affects in diverse ways the process of regionalism. Under this theoretical framework, this paper investigates why the Iran-Pakistan-India gas pipeline proposal could not materialize. The paper explores internal and external factors that halted the progress of the project with special reference to the role and behavior of India and the United States. It illuminates how the Indo-US strategic partnership and nuclear deal overshadowed a crucial project that was designed to create interdependence between three states, especially India and Pakistan and establish peace in the region. The study finds that India emphasized its connections with the United States to realize its ambitions of becoming a key player in world affairs. The paper shows how the US distracted India from pursuing a crucial regional cooperation project by providing payoffs and incentives that jeopardized the process of regionalism in South Asia.

Keywords: India, Pakistan, Iran, the United States, regionalism, gas pipeline, nuclear energy, interdependence

INTRODUCTION

Regional cooperation is considered a panacea for several problems faced by the developing states, such as underdevelopment, poverty, unemployment, social and economic backwardness, natural disasters, and environmental changes among others (Naazer, 2018a). It can also serve as a harbinger of peace, stability, progress, and prosperity through creating economic interdependence, trade linkages, socio-cultural exchanges, integration of infrastructure and projects, promoting trust, understanding, amity, cooperation, and friendship among regional states. There can be diverse models of regional and inter-regional cooperation in various fields, including functional cooperation, integration by projects and market integration, etc. (Ahmad, 2013).

South Asia has vast potential for regional cooperation among members of the South Asian Association for

Regional Cooperation (SAARC) as well as countries of adjoining areas such as Southeast Asia, Central Asia, and West Asia. However, these countries have so far not been able to exploit the full potential of regional cooperation for several reasons. The factors that impede regional cooperation in South Asia are diverse and include both regional and extra-regional (Naazer, 2018b).

South Asian states owing to their rapidly growing developing needs, swelling population, and dwindling indigenous energy resources are increasingly becoming energy-deficient nations. This problem also provides them an opportunity for regional cooperation with energy-rich states of adjoining regions, such as Central Asia and West Asia (Elahi, 2016). The regional states considered several proposals to import gas through pipelines from other countries but none of them could be materialized. One of such proposal included Iran-Pakistan-India (IPI) gas pipeline which was also termed

the “peace pipeline” (Ahmad, 2013-b).

This paper aims to investigate why the IPI gas pipeline proposal could not materialize. The paper explores internal and external factors that halted the progress of the project with special reference to the role of India, the main regional state in South Asia and one of the key stakeholders in the project as well as the behavior of the United States of America (USA). It elucidates how India-US strategic partnership and nuclear deal overshadowed a project that was considered very crucial to create interdependence between three states, especially India and Pakistan, and establish peace in the region. The research is qualitative, descriptive, and explanatory. It relies on secondary sources such as books and research articles which helped draw findings and conclusions through the thematic analysis method.

THEORETICAL FRAMEWORK

The research on regionalism suggests that a core member - occupying a central position and politically, military, and economically superior to others - plays a vital role in either success or failure of any cooperative arrangement. The role of a core member can either be positive or negative towards the process of regionalism that ultimately decides the fate of the grouping. The national capabilities coupled with regional or extra-regional alliances, interests, and priorities of a core state determine its behavior towards the cooperation process. A core state confident of its national capabilities and/or alliances and partnership with extra-regional states (particularly great powers) having an inclination of domination in the region is likely to take least or insignificant interest in the growth of the cooperation process. While a core state believing that its national capabilities and/or extra-regional alliances are not sufficient enough to help achieve its objectives (political, military, economic, etc.) and/or has no hegemonic tendencies in the region is likely to play a productive role in the growth of cooperation process (Haas 1970, 619; Ahmad, 2013).

Outside powers, especially the great powers can also affect the fate of regional cooperative arrangements. Their role and behavior are determined by several factors. For instance, an external power posing a security and military threat can push several states to unite together based on common threat perception for their mutual defense and national survival. The European integration process was launched partly to face

collectively the Soviet threat. The process was also motivated by another factor, i.e., to decrease their perceived dependence (military and economic) on another external power, i.e., the US. The outside (great) powers can also help promote or hinder the regional cooperation process. Their behavior towards a regional grouping is determined by their national interests and priorities. External power is likely to promote and support politically, diplomatically, and economically a regional cooperative arrangement that deems it helpful to the advancement of its national interests and foreign policy objectives. The US support for the European integration process was aimed to unite and strengthen its allies against the Soviet threat. The US support to members of the Association of Southeast Asian Nations (ASEAN) and Gulf Cooperation Council (GCC) coincided with its interests to contain Chinese influence in Southeast Asia and isolating Iran in the Gulf region, respectively. Conversely, an external power, fearing relative loss of its influence and power, can hinder the regional cooperative process by outright opposition or through, exploiting the mutual differences of the members, distracting them from the region politically or economically, and offering (some of) them more rewards (such as aid and investment, etc.) than that expected from regional cooperation. It can also hinder the process by using its “payoff capacity to undermine the will to integrate” (Haas 1970, 621). The US behavior toward several regional integration schemes in Latin America can be cited as its example.

This study posits that the nature of relations between the core member state of a cooperative arrangement and an outside (great) power can also have a significant effect on the fate of a regional organization. Convergence of interests and cordial relations between the two are likely to result in the advancement of the priorities of the core state supported by an external power. If the core state deems it vital to promote regionalism for the advancement of its national interests and it is endorsed by an external (great) power, the cooperation process is likely to thrive. If the core state does not consider a regional organization worth advancing for its national interests, and an external (great) power supplements the former’s national capability through either aid or trade, investment and technology transfers, etc. then the prospects of success of regional cooperation would become bleak.

The divergence of interests and hostile relations between

a core member state and an external (great) power can cripple the process of regional cooperation. A core member is likely to see with suspicions the process of regional cooperation if its partners in the grouping are allied with an outside power perceived as its (former's) enemy. This distrust can be detrimental to the regional arrangement as the core state would then be least interested to promote the cooperation process. The process is also likely to suffer badly when an outside (great) power has hostile relations with the core member state and believes that the success of regionalism would culminate into an increase in influence and power of the latter (core member state). Under these circumstances, the outside power is likely to obstruct every move (plan and project), including those vital for the success of regionalism, potentially helpful for the advancement of power and influence of the core member state.

PROSPECTS OF REGIONAL COOPERATION IN GAS SECTOR

Natural gas is one of the eco-friendliest potential energy resources. As a consequence, unlike big hydroelectric dams, it does not provoke substantial public condemnation. Natural gas emits fewer air pollutants and creates fewer solid wastes than oil and coal, and unlike huge hydroelectric dams, it does not result in population displacement or environmental damage (Pachauri, 1997: 306). Natural gas is a safe, eco-friendly, and easy-to-manage energy source, and these qualities may be translated into "physical and intangible benefits" for consumers. Reduced capital expenditures for equipment, storage, and fuel handling, together with superior thermal efficiency, combustion, and pollution control, are all tangible benefits. Intangible benefits include lower emissions, minimum environmental and aesthetic impact, and minimal space requirements for leasing (Pachauri, 1997: 306). Regional cooperation in natural gas discovery, extraction, and development, as well as commerce and transit trade, has significant potential in light of South Asia's growing energy demand.

South Asia's proven natural gas reserves were estimated to be 67.5 trillion cubic feet (TCF) as of January 2004, representing around 1 percent of the world's total resources. The proven gas reserves of Pakistan, India, and Bangladesh were 26.365, 26.945, and 10.615 TCF, respectively. Some researchers claim that these states contain substantially larger unproven gas reserves. In South Asian nations, natural gas is used in a variety of

sectors, including residential, commercial, and power generation, resulting in a 59 percent increase in consumption between 1992 and 2002 (Dhungel, 2008: 175-180). Due to the increasing population and rapidly growing economies of South Asian countries, energy consumption in the region doubled between 2006 and 2010 (Munir, Ahsan, & Zulfqar, 2013). Reportedly there exists a correlation between economic growth and energy consumption as rapidly growing economies need more energy consumption. It was expected that Indian energy needs would grow by 6 percent annually keeping in view its anticipated 7-8 percent growth in its GDP in the second decade of the 21st century (Lall, & Lodhi, 2007).

Reportedly, India meets its 52.9 percent of primary energy needs from coal, 29.6 percent from oil, and 10.6 percent from gas. It meets most of its coal requirement from domestic sources but imports oil and gas from other countries. It possesses only 0.7 percent, and 0.8 percent of global proven oil and natural gas reserves, respectively but its share in their global consumption is 3.9 percent, and 1.9 percent, respectively. LNG constitutes about 20 percent of its imported natural gas consumption (Ahmad, 2014). India's usage of natural gas rose faster than that of any other fuel (Dhungel, 2008: 175-180).

By 2010, India and Pakistan were expected to have daily gas shortages of 9 BCF and 7 BCF, respectively, based on their existing proven gas reserves. (Lama, 2000: 17; Pachauri, 1997: 303). The estimated annual gas consumption of Pakistan in 2005 was 30 BCMs, which was equal to the country's domestic gas reserves. A gas shortage has been feared since then. By 2030, the gap between domestic supply and demand might reach 70 billion cubic meters annually (Ghorban 2006, 279).

By 2025, India's gas consumption might exceed 141 billion cubic meters, although the price of imported gas will have an effect (Ghorban, 2006: 278). Due to an anticipated gas scarcity, both India and Pakistan emphasized the need of buying gas from neighboring countries (Pachauri, 1997: 304).

SAARC members relied mostly on imports of petroleum from the Gulf region, but they could also import gas such as LNG. They could also meet their energy needs by importing gas from neighboring regions through pipelines, which were regarded as the "least expensive" and "preferred" method of energy exchange (Pachauri, 1997: 298). They considered purchasing natural gas from

Oman, Qatar, Iran, Turkmenistan, Myanmar, and Bangladesh. They looked at several proposals for gas pipeline projects involving two or more regional states, including Bangladesh-India, Myanmar-Bangladesh-India (MBI), Oman-India, Iran-India, Qatar-Oman-India, Qatar-Pakistan, Iran-Pakistan, Iran-Pakistan, Iran-Pakistan-India (IPI), Turkmenistan-Afghanistan-Pakistan, and Turkmenistan-Afghanistan-Pakistan (Lama, 2000: 17). Each design for onshore and offshore gas pipeline projects studied by India and Pakistan has its own merits and demerits. Because they are less costly to construct, more secure, and "easier to run and maintain," onshore pipelines are often favored over offshore pipelines. It was seen that the offshore pipeline ran deep into the ocean. It is theoretically viable to build, but very expensive. It does not include traversing the territory of any potential or present enemy state. However, as it crosses international waters, its safety cannot be guaranteed. Partially offshore pipelines have equal technological, economical, and security concerns (Pachauri, 1997: 304; Ghorban, 2006: 280). The MBI, IPI, and TAPI trilateral onshore gas pipeline projects were regarded as more promising than the Bangladesh-India gas pipeline project. Due to the civil war in Afghanistan, a crucial transit state in the proposed design, TAPI pipeline project proved instantly unworkable. For several reasons, Dhaka was unable to transfer gas to India. Consequently, the IPI gas pipeline was rated "the finest, most affordable, and most reliable" option. Pakistan was only required to offer a "security assurance for any pipeline erected on its territory" (Dhungel, 2008: 188; Ghorban, 2006: 280). However, proposed energy related projects suffer due to strategic competition between Iran and the US in Central and South Asia (Shelala II, Kasting, & Cordesman, 2013; Jehanzeb, Ahmad, & Shahzad, 2014). The case of IPI gas pipeline project is discussed at length in the following section.

IRAN-PAKISTAN-INDIA (IPI) GAS PIPELINE PROJECT

Iran is the second largest producer of natural gas reserves with 974 trillion cubic feet (TCF) of proven gas reserves, i.e., 15.8 percent of the global total. Iran's South Pars field has the largest proven gas reserves, i.e. 450 TCF or 47 percent of country's overall gas deposits (Asghar & Nazuk, 2007). India is one of the world's leading gas consumers. Therefore, it was reasonable for India to consider acquiring gas from Iran. (Kronstadt & Katzman, 2006: 5; Ghorban, 2006: 277-287).

Indo-Iranian relations flourished after 1993 when divergence rather than conflict of interests emerged between Tehran and Islamabad due to their support of different warring groups in the Afghan civil war. The warmth in Indo-Iranian relations was witnessed by the exchange of visits by the top-level leadership of both countries as well as starting cooperation in economic, political and security fields. Both countries signed a number of agreements in order to boost bilateral linkages motivated by diverse political, economic, and strategic considerations. India imports oil from other countries to meet 70 percent of its domestic needs. Due to its growing energy needs, New Delhi looked toward Iran to purchase gas from Tehran as well as to use its territory as a conduit of energy sources from Central Asia (Berlin, 2004).

Meanwhile, Indo-Iran "nexus" was "seen as facilitating Indian efforts to contain and encircle Islamabad. It also signaled to Washington that Pak-US relations would have a cost in the shape of "strengthened Indo-Iranian nexus." Moreover, India also wanted to take Iran along in advancing its "long-term" ambitions to expand its influence in the India Ocean region; to establish a "security perimeter" extending from "Strait of Hormu [sic.] to the Strait of Malacca and from the coast of Africa to the western shores of Australia" (Berlin 2004). Close Indo-Iranian security cooperation was also evident from "presence of an unusually large Indian consulate, with presumed intelligence duties" at Zahedan on borders of Pakistan and establishment of a new Indian consulate at Bandar Abbas in 2002 (Berlin, 2004). Pakistan had strong reservations over these developments.

Indo-Iranian economic cooperation steadily grew after 9/11. Their bilateral trade witnessed significant growth especially due to the increase in Indian import of oil from Iran. In order to check the growing trade imbalance in Iran's favor, New Delhi strove to persuade Tehran to buy machinery, equipment, technology, and other products that it was purchased from the West. In 2003, New Delhi even proposed Iran establish a common market with India, Iran, and Pakistan. Iran not only welcomed the proposal but also suggested including Afghanistan and the Central Asian Republic in the proposed common market. Meanwhile, India signed agreements to buy liquefied natural gas (LNG) from Iran (Berlin, 2004). Both countries also considered various proposals to construct gas pipelines with or without Pakistan's participation.

In the context of their expanding commercial, military, and defense ties, both Iran and India had studied a number of gas delivery alternatives to India. New Delhi considered a variety of possibilities, including importing gas from Iran through offshore or onshore gas pipelines or shipping LNG from the Gulf. In contrast, the IPI gas pipeline was the most economical (Kronstadt & Katzman, 2006: 4–6; Dhungel, 2008: 181; Pachauri, 1997: 305).

Pakistan, on the other hand, had to consider purchasing gas from Iran in the 1990s in preparation for a future shortage. Pakistan and Iran apparently had a preliminary agreement to construct a gas pipeline from South Pas to Karachi in 1995 and conducted an agreement for its feasibility study in 2003 (Asghar & Nazuk, 2007). Initially, it was intended to deliver gas from the South Pars gas reserves in Iran to Karachi. Iran then proposed India's participation in the effort. By the year 2000, the three states had intensified their pursuit of the project and finalized the agreement (Nuri, n.d.).

Contemplating its growing energy needs, the idea of IPI was first proposed in 1989, and both Tehran and New Delhi signed a Memorandum of Understanding (MoU) for the project in 1993. Pakistan decided to join the project after the change of government in 1999, though Pakistan had discussed the idea of a bilateral gas pipeline in the mid-1990s. Initially, both India and Pakistan strove to link the project with other issues; India demanded a transit route to Afghanistan and liberalization of bilateral trade with Islamabad. Pakistan sought to link it with a resolution of the Kashmir dispute. In 2005, both India and Pakistan dropped their demands and agreed to pursue IPI project seriously in order to meet their growing energy needs. Pakistan also assuaged concerns regarding security of the project (Ahmad, 2014).

The bilateral meetings and agreements between Iran and Pakistan on one hand, and between Iran and India on other hand culminated in trilateral talks in December 2005 (Khan, A., 2012). The IPI project was to supply 90 million cubic meters (MCM) to India and 60 CMC to Pakistan. India and Pakistan had differences in the rate of transit fee; former offered US 15 cents per million British Thermal Units (MBTU) while the latter demanded US 50 cents per MBTU (Asghar & Nazuk, 2007).

Both India and Pakistan considered constructing two separate pipelines from Iran, but it was agreed that a single joint pipeline would be much less costly for both nations. It was agreed that cooperative pipes spanning more than two states transported over 75 percent of the

gas flow (including transit state). Cooperative pipelines maximize economies of scale. For instance, it was estimated that a combined Qatar-Pakistan-India pipeline would cost \$4–5 billion, while two standalone pipelines would cost \$6–8 billion (Lama, 2000: 20; Pachauri, 1997: 303). Nonetheless, the 2,775-kilometer-long IPI gas pipeline was projected to cost \$7.5 billion and deliver 90 MCMs of gas to India and 60 MCMs to Pakistan daily beginning in 2009–2010 (Nuri, n.d.; Dhungel, 2008: 181). The project, however, was to confront strong opposition from the US.

The project faced several challenges including the US opposition motivated by political factors. In an effort to isolate Iran politically and economically, the US and other western countries opposed the IPI gas pipeline project.

Despite American opposition, the IPI project could be implemented without incurring penalties. Several companies including NIGC (Malaysia), BHP (Australia), Shell (Netherlands), BP (United Kingdom), Total (France), and the national gas corporations of Iran, Pakistan, and India established a consortium in 1996 despite the Iran-Libya Sanctions Act (ILSA) of the US. The ILSA restricts foreign governments and businesses from spending more than \$20 million annually in Iran (Nuri, n.d.). According to sources, both the Norwegian government and the Russian corporation Gazprom were eager to join in the project, and the Vice President of the World Bank declared that the institution was willing to provide finance (Nuri, n.d.). However, practically nothing could be done to execute the project.

Finally, and most importantly, Iran, Pakistan, and India had decided to implement the project themselves. They agreed on "segmented construction" of the IPI project in order to avoid American sanctions. It meant that each state was responsible for pipeline construction inside its boundaries. As a consequence, Iran pledged to construct a 1,115-kilometer pipeline on its territory up to the Pakistani border. Pakistan intended to construct an 898-kilometer pipeline on its land from the border with Iran to the border with India. India approved the construction of a 740-kilometer pipeline on its territory. Due to the fact that the IPI pipeline is being constructed in segments, three states were required to utilize their own currencies to finish the project on their own territory, possibly reducing the overall cost of the project. Participants may use the most modern monitoring and protection technologies to prevent any disruptions in the gas supply. No member state would be subject to sanctions from the

US as a consequence of these alternative arrangements (Ghorban, 2006: 281–282).

It seemed that three countries were interested in pressing ahead with the project. It was projected that construction would begin in 2007 and finish in 2010 (Kronstadt & Katzman, 2006: 6). Due to the fact that the project involved the construction of gas pipelines in a third state, namely a transit state, it was argued that it would not only meet the regional states' energy and development needs, but also promote mutual interdependence, trust, and understanding, as well as contribute to the advancement of economic integration in South Asia (Ghorban, 2006: 282). The concept was even termed the "peace project." Due to a number of causes, however, the trilateral "Dream Lines" or "pipedreams," as its critics now refer to them, have not yet been realized. India apparently withdrew from the IPI project in response to American pressure. Pakistan ultimately needed to establish a bilateral agreement with Iran in order to complete the project, which no longer included India. Eventually, Pakistan was also unable to complete the project. This study, however, focuses only on Indian behavior in light of US opposition to the project.

CHALLENGES TO THE IPI PROJECT

Due to regional geopolitics, challenges connected to confirmation of gas reserves in the possible exporting state, financial ramifications, gas pricing agreements, worries regarding transit from a third state, and environmental repercussions, the project was unable to commence earlier (Lama, 2000: 17; Pachauri, 1997: 304). Disagreements over pricing methods and Indian suspicion of Pakistan posed further challenges to the project's completion. New Delhi's preference for its strategic alliance with the US over regional cooperation was the underlying cause of the project's failure.

Differences in Pricing Formula

Despite the existence of an internationally accepted formula for linking the price of piped gas to crude oil prices, India maintained that the price of natural gas is unrelated to oil prices. Since India relies on coal to provide the bulk of its energy needs, it argued that gas prices must be "linked" to coal prices. Several Iranians argued that, as a "cleaner fuel," gas prices should be higher than oil prices, not lower (Ghorban, 2006: 278). In the meanwhile, India encouraged Iran not to rely only on "market pricing" for natural gas. Rather, it must consider

other factors, such as political advantages and employment opportunities offered by the project. New Delhi believed that nuclear energy, as a substitute for natural gas, could be utilized to power India's power plants (Ghorban, 2006: 278–79). This problem prevented the project from beginning for years until it was resolved. Indo-Pakistan Trust Deficit

Project completion was slowed by political challenges and bilateral disputes among regional states, particularly unfriendly relations between India and Pakistan (Dhungel, 2008: 181). The pipeline's construction through Pakistan was delayed owing to India's political and security concerns (Ghorban, 2006: 280). Due to security concerns and a lack of trust between the two nations, India was hesitant to construct a pipeline via Pakistan. Several Indian officials were opposed to the idea of paying the transit fee to Pakistan. For similar reasons, India had previously considered an offshore pipeline project. However, the concept was scrapped owing to the high cost and security concerns. The IPI gas pipeline project was expected to strengthen Pakistan-India relations and promote economic integration in South Asia.

According to Dhungel, "economic motivations" alone cannot lead to regional collaboration in energy development projects, nor can they help to improve them. In actuality, it was these political concerns that had the most impact on the energy trade, at least in part (Dhungel, 2008: 190). One of the causes for the project's delay, according to Ghorban, was "extensive political engagement by the interested countries," which generated a strong reaction and condemnation from the US (Ghorban, 2006: 280–1) that ultimately stalled the project from its execution.

The US Opposition to the IPI Project

IPI gas pipeline project was bitterly opposed by the US due to enmity between Tehran and Washington. Antagonistic relations between Washington and Tehran are traced back to the Iranian revolution, followed by the hostage crises, Iran's anti-West and anti-Israel rhetoric, support for militant groups, pursuance of a nuclear programme etc. Since then, the US employed several measures including security, political, economic, etc. to coerce and isolate Iran; economic sanctions being the most successful so far. These sanctions are imposed under Iran Libya Sanctions Act or ISLA (1996), which was renamed the Iran Sanctions Act (2006), the

Comprehensive Iran Sanctions, Accountability, and Divestment Act of CISADA (2010). These sanctions aimed to bar companies to invest over \$40 million in Iran's energy sector or do energy related business with it. The sanctions also restrict the transfer of high technology to Iran (Rehman & Mushtaq, 2020).

The US reacted with ferocious resistance to IPI pipeline proposal, as they tried to isolate and contain Iran. According to Dhungel, the IPI pipeline "project is in jeopardy" because of considerable opposition from Washington (Dhungel 2008, 181). During a 2005 tour to the region, Condoleezza Rice, then-US Secretary of State, expressed doubts about the trilateral pact. Once she said, "Not only did we express our concerns to India, but we also urged Japan to abandon the gas deal with Iran" (Nuri, n.d.).

Washington had strategic motives behind its opposition to IPI project. It is believed that Iran's energy cooperation with India and Pakistan would potentially revitalize Tehran's energy sector and become a catalyst for export of oil and gas from the Caspian region through Iran. Such development would undermine US efforts to isolate and weaken Tehran and become a major setback to its influence and interests in the region (Ahmad, 2014).

The US leadership including the Secretary of State Condoleezza Rice and Energy Secretary Samuel Bodman conveyed American concerns on the project to New Delhi. A group of US legislators during their visit to New Delhi advised the latter to not only withdraw from the IPI project but also drop LNG agreement with Iran (Ahmad, 2014). A number of US politicians expressed grave concerns about the IPI project and deemed it to be "unacceptable." In an April 2006 presentation before the US Senate Foreign Relations Committee on the potential US-India civil nuclear accord, Secretary of State Rice said, "The United States has made it quite clear to India that we are concerned about their ties to Iran" (Kronstadt & Katzman, 2006: 2).

The Indian government and political leaders, however, indicated that the project was in their "national interest" and that they would not compromise on it. Given India's friendly relations with Iran, it was doubtful that New Delhi would sever ties with Tehran or accept US demands over the accord (Kronstadt, & Katzman, 2006: pp. 2-6). However, these expectations were not met.

The US continued to exert pressure on India about the IPI issue via a variety of means, including nuclear blackmail and offering payoffs, which means carrot and stick policy.

Between 2003 and 2005, the US sanctioned a number of Indian firms and nuclear specialists on the basis that they were engaged in providing nuclear technology to Iran or had "scientific connections" with Tehran that may benefit the Iranian nuclear programme (Kronstadt, & Katzman, 2006: 4). In July 2006, the US Congress passed a law allowing the Bush Administration to negotiate a nuclear agreement with India, but also requiring the administration to gain India's cooperation on its Iran policy. H.R. 5682 aimed to "secure India's full and active support in US efforts to deter, isolate, and, if necessary, punish and contain Iran for its ambitions to obtain weapons of mass destruction" (Kronstadt & Katzman, 2006: 4). Earlier, Washington had concluded nuclear deal, commonly known as US-India Civil Nuclear Agreement with New Delhi on July 18, 2005.

Washington wanted New Delhi to prove its "loyalty" by supporting stance on Iranian nuclear programme at the International Atomic Energy Agency (IAEA) (Ahmad, 2014) and New Delhi did not disappoint the former. To Iran's dismay, the US was able to get Indian support on the nuclear issue. Contrary to common assumption, on September 24, 2005, and February 4, 2006, New Delhi voted twice in favor of referring Iran's nuclear programme to the United Nations Security Council (UNSC). According to observers, this action indicated India's "strategic decision to create a partnership with Washington even at the price of its relationship with Tehran" (Kronstadt & Katzman, 2006: 3-4).

At home, India's decision to appease the US about Iran's nuclear programme was heavily criticized. Leftists and other opposition parties in India expressed their dissatisfaction with the Congress-led coalition government's strategy of expanding ties with Washington at the cost of relations with Tehran and of seeing India as a "junior partner" of the US. The major opposition party, the Bharatiya Janata Party or BJP, supported the government's attitude to Iran's nuclear programme (Kronstadt & Katzman, 2006: 3).

New Delhi also decreased its oil imports from and export of oil products to Tehran since 2010 due to payment problem etc. (Ahmad, 2014).

It was thought that India's decision would cut ties with Iran. It was feared that Iran could react to New Delhi's move of appeasing the US at the cost of Tehran. It was also feared that Iran might retaliate to India's vote against Iran at the IAEA Board by withdrawing India from the pipeline agreement. However, Iran's reaction was pragmatic. Iran

instead vowed to "continue the project" (Kronstadt & Katzman, 2006: 6). Tehran sought to pursue the gas project, not just for economic reasons, but also to enhance Iran's "strategic and political status" in the region (Ghorban, 2006: 279-80).

Due to American pressure, India abandoned the project though it did not formally announce it. The fate of the project is uncertain despite growing India energy needs. Probably, New Delhi has hinted Tehran that it would execute the project sometime in the future. An Indian official involved in the talks commented, "barring a few issues, everything is in place for the project to be brought to fruition. As and when India feels the time is right for implementing the project, it will do so" (Ahmad, 2014). Despite a decade having elapsed since then, the "right time" has not yet come to implement the project.

Reportedly, the US had exerted enormous pressure on India to abandon IPI in the former's bid to isolate Iran and offered New Delhi the sale of nuclear reactors as compensation. Indian former prime minister Manmohan Singh had remarked that he was well aware of the uncertainties and risks involved in executing the project. Robert Black, the US Assistant Secretary of State had told the newsmen that it was not "the right time for doing this kind of transactions with Iran... because of Iran's dispute with the international community over its nuclear program." He further stated that Washington was opposed to any huge investment in any project involving Iran (Rehman & Mushtaq, 2020).

Practically, India struck the last blow to the enterprise. Following the development of a US-India "global partnership" in July 2005 and negotiations for a possible civil nuclear accord between the two countries, India reportedly started to gradually align its Iran policy with that of the US. According to critics, India prioritized its relationships with the US over those with Iran (Kronstadt & Katzman, 2006: 2). In 2009, it made the decision to abandon the IPI project. Instead, it declared a desire to pursue the TAPI gas pipeline project with American approval (Dhungel 2008, 181). Analysts assert that India must undertake both projects owing to its rising energy demands (Pachauri, 1997: 304). According to Ghorban, India may pursue both pipeline projects, IPI and TAPI, since none alone could meet the country's energy needs. According to sources, its gas consumption was around 150 BCMs, while the IPI gas pipeline could only provide 30 BCMs. In lieu of constructing a separate pipeline, it was also proposed that Qatar and Turkmenistan, or any of

them, may flow gas into the IPI pipeline. If not, "Turkmenistan might offer gas to Iran's northern provinces," and Tehran could send more gas to India and Pakistan (Ghorban, 2006: 283). India, however, gave precedence its ties with the US in order to realize its ambitions of becoming a major player in world affairs. Regional interdependence initiatives suffered greatly as a consequence of India's withdrawal from the IPI project.

CONCLUSION

There exist vast prospects of regional cooperation in the transit trade of several gas pipeline projects.

The IPI gas pipeline project was deemed the most desirable and feasible. It was also nicknamed a peace project because it had the potential to unite India and Pakistan, two traditionally hostile neighbors, in an economic partnership. The project was halted due to a variety of concerns, including mutual distrust between India and Pakistan, confirmation of gas resources, and pricing disputes, with India desiring a lower price than the internationally accepted standards. However, these problems may be handled, and three countries have agreed to begin the project in 2007 and complete it by 2010.

The idea met vehement opposition from the US, which intended to isolate Iran because of its nuclear programme. Both India and Pakistan believed that the project is beneficial to them and that they would not quit it. However, India gradually started to prioritize its relations with the US over its economic and political ties with Iran, resulting in an undeclared withdrawal from the project. Rather, it started to demonstrate more interest in the US-sponsored TAPI pipeline project. India abandoned a significant regional cooperation programme in South Asia with the goal of getting strategic, political, and economic benefits from the US. Its ambitions to become a major player in world politics hampered attempts to promote economic interdependence and impeded the growth of regionalism in South Asia. India continues to place national interests with a restricted definition above regional issues.

The study illustrates how a great power, as opposed to a superpower, may employ payoffs and incentives in the form of long-term strategic relationships and alternative energy suppliers to deter a regional power from pursuing a crucial regional cooperation programme. In this case, the US used coercive methods like as slapping sanctions on New Delhi for allegedly supplying nuclear technology

to Iran and giving inducements in return for abandoning the IPI project and adhering to US policy towards Iran's nuclear programme. This carrot-and-stick tactic was most effective when the US offered India a superior and more long-term option in the shape of the provision of nuclear energy, as an alternative to Iranian gas. By Concluding a nuclear deal with New Delhi, the US successfully persuaded New Delhi to abandon the IPI project altogether.

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